Automotive News

October 14, 1985

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Stock falls to 13-year low with 36-day car supply

By Arthur Flax
Automotive News Staff

Incentives gobbled up inventories of new domestic cars in September, driving the industry to the lowest days-supply count in almost 13 years.

On Oct. 1, the days' supply of new domestic cars stood at 36, a figure unmatched since Nov. 1, 1972, and unbeaten since Sept. 1, 1972, when the days' supply was 35.

There were 1,242,071 new domestic cars in stock on Oct. 1 at factories and dealerships and in transit to dealerships. That was the lowest total since Nov. 1, 1933 when there were 1,224,092 units in stock.

The new model year starts Oct. 1, and inventories of new automobiles traditionally drop in the autumn. But incentives have seldom been as successful in clearing stock as they were this year.

The incentives—7.5 or 7.7 percent financing—ended Oct. 2. However Ford Motor Co., General Motors and American Motors are offering new finance incentives of 8.8 percent on selected models.

The ideal days' supply is generally considered to be 50 days.

The industry's 36-day supply on Oct. 1 was 15 days lower than the 51-day figure on Sept. 1. On Oct. 1, 1984, it was 54 days.

Of 76 nameplates, only seven had a higher days-supply figure on Oct. 1 than on Sept. 1. Fifty-two nameplates were below 50 days' supply.

• Nissan trimmed its days' supply of domestic-built cars the most of any manufacturer last month, followed by Ford, AMC, Chrysler, GM, Volkswagen and Honda.

Nissan's supply dropped 25 days. Other declines were: Ford, 21 days; AMC, 16 days; Chrysler, 14 days; GM and VW, 13 days, and Honda, 3 days.

Ford had the lowest days' supply of the Big Three manufacturers, with 26.

The Oct. 1 unit count was divided this way by maker: GM, 57.70 percent; Ford, 19.95 percent; Chrysler, 17.32 percent; AMC, 3.30 percent; VW, 1.19 percent; Nissan, 0.33 percent, and Honda, 0.21 percent.

On Sept. 1, the breakdown was: GM, 56.45 percent; Ford, 23.05 percent; Chrysler, 15.81 percent; AMC, 2.92 percent; VW, 1.17 percent; Nissan, 0.38 percent, and Honda, 0.22 percent.

By market class, the latest stockpile was divided this way: Subcompact, 18.34 percent; compact, 21.03 percent; intermediate, 35.89 percent; standard, 11.11

Please turn to Page 8, Col. 3

Indy pace car

Corvette will lead the way

A Corvette convertible will be the pace car for Indy 500 May 25. It is the seventh time a Chevrolet has been chosen, and Chevy says this will be the first "street-legal" Indy pace car since 1978 when another Corvette led the pack. The Corvette ragtop, the first since 1975, will be introduced in March.

NEW-CAR STOCKS

	Oct. 1, 1985	Sept. 1, 1985	Oct. 1, 1984
Alliance	77	102	82
Encore	95	88	91
Eagle	66	103	118
AMERICAN MOTORS	81	97	89
Caravelle	70	100	85
Horizon	38	64	77
Reliant	49	50	70
Turismo/TC-3	42	53	63
Plymouth	58	70	64
Plymouth Total	47	59	70
LeBaron	47	68	54
LeBaron GTS	65	50	.....
Laser	36	60	82
Fifth Avenue	30	57	68
N. Yorker E/E-Class	75	94	59
Chrysler Total	45	64	64
Omni	40	64	73
Daytona	32	47	80
Charger/024	38	53	72
Aries	53	55	67
600	64	83	69
Lancer	62	67	.....
Diplomat	67	80	78
Dodge Total	50	61	72
CHRYSLER CORP.	47	61	68
EXP	25	38	96
Escort	21	40	61
Tempo	14	40	54
Mustang	50	46	54
Thunderbird	32	51	77
LTD	34	56	42
Crown Victoria	27	61	67
Ford Division	26	47	59
Lynx	24	41	72
Topaz	16	47	57
Cougar	27	42	55
Marquis	47	69	33
Grand Marquis	20	47	67
Capri	47	64	95
Total Mercury	27	48	57
Continental	37	60	70
Lincoln	23	49	55
Mark VII	32	61	76
Lincoln Total	26	52	62
FORD MOTOR	26	47	58
Skyhawk	61	74	48
Skylark	35	53	40
Century	29	39	36
Regal	34	58	42
Somerset Regal	93	77	.....
LeSabre	35	51	46
Electra	43	63	24
Riviera	65	98	55
Buick Division	42	57	42
Cimarron	20	53	63
Eldorado	76	117	66
Cadillac	34	53	22
Seville	92	130	46
Cadillac Division	42	69	38
Nova	91	119	.....
Chevette	27	52	43
Cavalier	34	40	36
Citation	20	59	101
Camaro	35	36	72
Celebrity	28	40	48
Monte Carlo	76	96	53
Chevrolet	40	61	71
Corvette	113	122	78
Chevrolet Division	38	50	54
Firenza	92	110	61
Cutlass Ciera	22	34	34
Cutlass Supreme	27	36	33
Calais	47	48	.....
Olds 88	37	71	41
Olds 98	44	39	27
Toronado	59	103	65
Oldsmobile Division	34	45	41
Fiero	48	47	33
1000	40	51	69
2000 Sunbird	32	41	47
Firebird	36	28	55
6000	26	39	41
Bonneville	32	63	56
Grand Am	31	44	.....
Grand Prix	30	59	60
Pontiac	41	46	91
Pontiac Division	33	44	56
GENERAL MOTORS	37	50	48
VOLKSWAGEN	55	68	44
HONDA	5	8	1
NISSAN	15	40	.....
Total U.S. Cars	36	51	54
SUBCOMPACT	33	51	58
COMPACT	35	45	53
INTERMEDIATE	36	49	50
STANDARD	34	58	62
LUXURY	42	64	46

Why Ford-Fiat deal failed
Page 2

Dealers expect another strong year

'86s overcoming sluggish launch

By Richard Johnson
Detroit Reporter

The lapse of 1985 year-end incentives and sporadic supply of new 1986 cars has apparently gotten the new model year off to a lackluster start.

An Automotive News check of dealers around the country turned up reports of slow traffic since the 7.7 and 7.5 percent finance deals ended and 1986 models took center stage in October.

But by late last week, there were signs of brisker retail business. Another round of finance deals was apparently pulling more people into showrooms and more 1986 models were reaching dealerships. Overall, dealers sampled expect another strong year for the industry, though many believe finance incentives will continue to play a big marketing role.

The phenomenal success of cut-rate financing in late August and September left carryover stocks unusually low, putting some dealers in a supply squeeze while waiting for 1986 models to roll in.

In addition, some all-new products for 1986, including Ford Taurus/Mercury Sable, Cadillac Eldorado and Seville, Oldsmobile Toronado Delta 88 and Buick Riviera and LeSabre won't debut until later in the year—stealing some excitement from the traditional intro period.

"We're not off to a real good start," said Willie Starks, general manager, Peninsula Pontiac, Torrance, Calif. "But we hope to be doing great by the end of the month."

"Business fell off as soon as the 7.7 ended, but it is starting to come back," said John Criscione, general manager, Fruitrich Cadillac-Olds, Bridgeport, Conn.

"There was a big decline after the 7.7," said Payton Wells, a Chevrolet dealer in Indianapolis. "Now, they are starting to come back since they put on the other limited incentives."

General Motors, Ford Motor Co. and American Motors last week announced 8.8-percent financing on certain 1985 and 1986 cars and trucks—offers good through late November. But dealers queried by Automotive News last week seemed uncertain about the impact of the new loan deals.

"I'm not sure if the 8.8 is going to help," said Starks. "I don't know what is going to happen once customers get through some of the fine print."

"Manual transmissions didn't light our fire," said John Megel, general sales manager, Hub Ford, Atlanta, referring to Ford's offer, which applies to 1985 and 1986 Escort, Lynx, Tempo and Topaz models equipped with manual tranmissions. "But we're going to keep an open mind and try to move vehicles."

Megel, who reported a sharp drop in business after the broad 7.7 APR incentives came off, said cut-rate financing has become a

Please turn to Page 8, Col. 3

Service Index shows gains in all areas

By Jack Walsh
Service Editor

August service and parts volume reported by the nation's franchised new-car and truck dealers was stronger than in the same month a year ago, with good gains in all areas of the business.

During the month, according to the Automotive News Service Index, shop volume was 6.9 percent higher than in August, 1984. Through August, business was up 8.3 percent over the first eight months a year ago.

In August, the leading indicator was total labor sales, customer-paid and warranty, with an increase of 9.8 percent over the total for the same month a year earlier.

There was a gain of 6.8 percent in August sales of parts and accessories to outside customers, while gross profit on all labor, parts and accessories sales—the most important indicator in the dealer's view—showed an increase of 6.5 percent over last year.

Sales of all parts and accessories during the month were 6.3 percent higher than a year ago, and the number of repair orders written, customer-paid and warranty, was up 6.2 percent. Sales of shop parts, those used in customer-paid and warranty repairs, were 5.7 percent higher than in 1984.

For the first eight months of the year, the biggest increase in vol-

Please turn to Page 8, Col. 1

breaking news

Tramontana named Alfa managing director

MILAN, Italy.—Dr. Giuseppe Tramontana has been appointed managing director of Alfa Romeo. He was formerly chief executive of Italian textiles group Montefibre. The vacancy occurred when Corrado Innocenti left Alfa Romeo earlier this year to join the Enichem chemicals group.

Fiat names luxury sedan Croma

TURIN, Italy.—Fiat Auto has chosen the name Croma for the Type 4 luxury sedan it will introduce in December.

Toyota's '86 domestic sales target: 1.73 million

TOYOTA CITY, Japan.—Toyota Motor Corp., which expects to sell 1.68 million motor vehicles in Japan this year, has set next year's sales target 50,000 units higher at a record 1.73 million units. Toyota's 1986 projection is based on the growth in personal spending, replacement demand for the cars purchased in 1979-1980 and the introduction of new models. Toyota's January-September sales this year rose 3.3 per-

See BREAKING NEWS, Page 8, Col. 2

NEWSPAPER

Negotiators tackle parity, outsourcing, work rules, job classifications

Chrysler and UAW near deadline

By Mary Connelly
Detroit Reporter

As Tuesday's contract expiration date nears, negotiators for the UAW and Chrysler Corp. are tackling the union's chief demands of wage and benefit parity and limits on outsourcing and the company's push for greater productivity through changes in work rules and job classifications.

The Chrysler-UAW pact, covering approximately 70,000 hourly and salaried employes in the U.S., expires at 11:59 p.m. Tuesday (Oct. 15). At presstime, the UAW had not set a strike deadline in the U.S., but workers at St. Louis Assembly II have notified Chrysler they will strike if local issues are not resolved when the contract expires.

An economic proposal presented by Chrysler to the union last week did not address the issue of curtailing outsourcing, one of the UAW's chief demands. However, Thomas W. Miner, Chrysler industrial relations vice president, termed the issue "critical" and said late last week that the company would respond to the union demand.

The UAW has demanded that Chrysler curtail the practice of using outside suppliers when the union can demonstrate that the job can be done as efficiently and economically within the corporation. The union also wants the return of work supplied by non-UAW members at outside firms.

Chrysler's economic proposal, which both sides declined to detail, was designed to achieve "a more efficient company" and reduce the "current competitive cost disadvantages" in developing small vehicles, Miner said.

Chrysler's main thrust throughout the negotiations has been alteration of work rules and job classifications, which the company maintains will yield greater productivity and efficiency.

Chrysler earlier proposed trimming the number of job classifications from 500 to approximately six.

While the UAW has sought greater job security for its members through "insourcing" or returning jobs to Chrysler, Chairman Lee A. Iacocca said last week that increased productivity is the basis of job security.

"On one side, you have the money factor and the security factor, and obviously we've got to address both those issues," Iacocca said.

"On the other side, we can't talk security, certainly, without getting more productive in our plants against the Japanese or even other manufacturers around the world because productivity and quality go hand in hand. Without them, we're dead."

Miner said he did not anticipate movement on the "complex" job classification issue until the final days of negotiations. The UAW fears it may lead to loss of jobs.

"We're willing to step up to the cost involved in the consolidation because there are efficiencies that will more than pay for the costs," Miner said.

In presenting its economic proposal to the union last week, Miner said the package would boost productivity and help control costs. Chrysler is trying to narrow the cost advantage of Japanese auto companies in the small-car segment which some analysts peg at $2,500 a vehicle.

However, UAW President Owen Bieber termed Chrysler's initial economic proposal "woefully inadequate."

He said it did not bring Chrysler workers to parity with those at General Motors and Ford Motor Co. in terms of benefits or timing.

While Bieber did not elaborate, one area of contention is pension parity for Chrysler retirees.

The UAW is trying to recoup pension dollars lost during Chrysler's fight for economic survival. The company, however, has maintained that its pension bill is proportionately greater than that at GM or Ford because it has fewer active workers per retiree or surviving spouse.

Chrysler's response to the UAW's demand for wage parity was not disclosed. However, Chrysler workers currently earn

Please turn to Page 49, Col. 3

Ephlin addresses GM board

In a first-ever union presentation to the General Motors board of directors, UAW Vice President Donald F. Ephlin, seated left, outlined ideas for broadened information sharing with UAW-represented GM employes. Ephlin, director of the union's GM Department, is shown with GM Chairman Roger B. Smith, seated center; GM President F. James McDonald, standing left, and board members Robert S. Hatfield and Catherine B. Cleary.

Caldwell retiring; Ford promotes Gilmour, Pestillo

DEARBORN.—Will M. Caldwell, Ford Motor Co. executive vice president and chief financial officer, will retire at the end of this year, and Allan D. Gilmour has been chosen to replace him, effective Jan. 1, 1986.

Peter J. Pestillo will succeed Gilmour as vice president—employe and external affairs. Pestillo currently is vice president—employee relations.

Caldwell, 59, also will retire from Ford's board of directors. He has been with the company since 1952. He was elected an executive vice president in 1979 and was appointed chief financial officer at that time.

Gilmour, 51, joined Ford in 1960 and was president of Ford Motor Credit Co. from 1975 to 1977. He was corporate controller when he was named to head employe and external affairs in 1984.

Pestillo, 47, joined Ford as labor relations vice president in 1980, coming from B.F. Goodrich Co., where he was employe relations vice president. He became Ford employe relations vice president last January.

index

Auction reports	38-40
Classified advertising	41-48
Editorial page	10
Obituaries	8
Personnel	36
Production by makes	50
Sales, truck	16, 32
Truck highlights	16

60th year—No. 5096

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Ford and AMC follow GM's lead

New incentives pegged at 8.8 rate

By Edward Lapham
Marketing Editor

It started again last week. General Motors, anxious to secure the calendar-year truck sales crown and boost its CAFE rating for cars, launched a new 8.8-percent finance incentive program.

Ford Motor Co., in order "to protect" its dealers, followed suit, as did American Motors.

Chrysler did not respond. Sources there said the company is taking a "wait-and-see position" pending the outcome of contract negotiations with the UAW.

The Chrysler-UAW national agreement expires tomorrow (Oct. 15), and the company faces a possible strike-caused shutdown.

The GM program, which had been rumored to be in the works for more than a week, is designed to clear out remaining 1985 models that were not depleted by the 7.7 APR program which ended Oct. 2.

In order to boost truck sales in the race for the crown, GM extended the 8.8-percent GMAC program to 1985 Chevrolet S-10 and Blazer units plus GMC S-15 pickup and Jimmy models sold from dealer stock from Oct. 7 through Nov. 20. Two-wheel-drive and 4WD versions are included.

Also included in the newest incentive are 1985 Oldsmobile Toronado, Buick Riviera and Cadillac Seville and Eldorado models delivered from dealer inventory from Oct. 7 through Nov. 13. The 1986 replacements for those models go on sale in mid-November.

In order to improve its CAFE, GM extended the 8.8 program to both 1985 and 1986 manual transmission models of Chevrolet Chevette, Cavalier and Camaro and Pontiac 1000, Sunbird, Fiero and Firebird bought from dealer stock or ordered during the incentive

Please turn to Page 8, Col. 1

Chrysler to purchase 3rd finance company

By Michelle Krebs
Financial Editor

Chrysler Corp. has agreed to purchase a finance company from BankAmerica Corp. for $405 million. The purchase represents Chrysler's third and largest investment in the financial services industry in recent months.

FinanceAmerica is a diversified finance company involved in consumer lending, "brand name" wholesale financing for manufacturers and distributors and small business lending.

FinanceAmerica consists of two subsidiaries, FinanceAmerica Corp. and BA Financial Services Corp. It earned $15.8 million in 1984 and is on the way to increasing 1984's profits. In the first six months of 1985, the company made $9.9 million and had total assets of $2.8 billion as of June 30.

Headquartered in Allentown, Pa., the company has 2,100 employes with 267 offices in 42 states.

Chrysler Chairman Lee Iacocca said the acquisition of FinanceAmerica's non-automotive services and other finance capabilities will make Chrysler Financial Corp., under whose umbrella FinanceAmerica will fall, a more independent company with potential for significant growth and profitability.

Iacocca said the acquisition puts Chrysler "in the heart of the consumer finance business."

Since last spring, Chrysler Financial has acquired E.F. Hutton Credit Corp., now known as Chrysler Capital Corp., for about $150 million.

Located in Greenwich, Conn., and with 28 offices throughout the U.S., the company is a diversified equipment finance company engaged in commercial lending and leasing nationwide. Its gross finance receivables and operating leases amounted to $1 billion as of March 31.

Chrysler Financial also formed a joint venture with General Elec-

Please turn to Page 8, Col. 5

But they agree it's a land of opportunity

Ford and AMC differ on China

No deal near, Halstead says

By Richard Johnson
Detroit Reporter

Despite a recent, well-publicized round of joint-venture talks between Ford Motor Co. officials and the Chinese, no deal appears imminent because Ford executives aren't yet convinced that China can achieve its ambitious industrialization objectives.

In addition, Ford Vice President Lindsey Halstead cited the lack of labor flexibility in China as a complicating factor.

"We're very reluctant to make a commitment that we aren't very confident can be achieved," said Halstead in an interview with Automotive News. "That is going to be one of the big gaps, I think."

In early August, Halstead conducted "exploratory talks" with Chinese Vice Premier Wan Li in Beidaihe in northeast China. Halstead visited the country at the invitation of China National Automotive Industry Corp., and the discussions centered upon a possible joint venture involving production of light trucks.

"I went to get some first-hand knowledge of just what the Chinese were interested in in terms of an automotive industry development," he said.

"It is clearly a very, very big potential future market. We continue to talk with them. We haven't any specific program that we're very close to reaching any decision on, but I was able to get kind of a view of what they were looking for."

Halstead said he hasn't returned to China since the August meetings, but he held out the possibility of returning at "some time in the future."

"It remains unclear at the moment whether we could put something together that is compatible with their desires," he said. "They have some very, very ambitious desires in terms of the development of their industry."

Halstead said the two sides discussed "a variety of ways of how they would see the development program." He also queried Chinese officials about their policies

Please turn to Page 8, Col. 4

Beijing 4WDs sought for U.S.

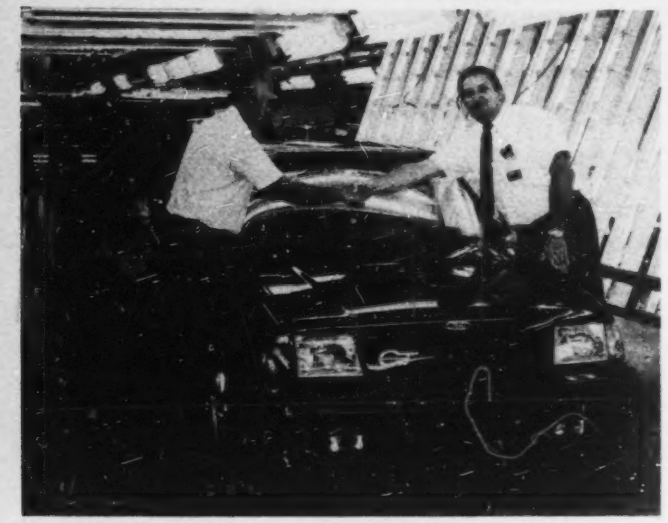
By Richard Johnson
Detroit Reporter

The board of directors of Beijing Jeep, American Motors' joint venture in China, has approved an aggressive investment program aimed at quickly increasing local content to allow AMC to bring various stampings and pieces into the U.S.

But beyond using its two-year-old China venture as a base for the Far East and a low-cost supply source for North America, AMC Executive Vice President Joseph Cappy acknowledged a long-term goal to export finished vehicles to the U.S.

"Absolutely," said Cappy during an interview with Automotive News. "That's the whole reason for our involvement there. What you're seeing now is the Koreans and Taiwanese coming in and kind of usurping the Japanese. Well, the Chinese are going to come, and they're the ones that are right behind the Koreans.

Please turn to Page 48, Col. 3



First of the '86s built at Ford's Edison plant

Ronald G. Wallace, right, manager of Ford Motor Co.'s Edison (N.J.) assembly plant, and Earl D. Nail, president of UAW Local 980, exchange congratulations following inspection of the first 1986 car built at the plant, the new Ford Escort GT. The Edison plant has 1,500 employes and assembles the Mercury Lynx as well as the Ford Escort.

Dealers expect another strong year

'86s overcoming sluggish launch

Continued from Page 1

necessary marketing implement, at least for the time being.

"People are expecting APR incentives and it is going to be hard to get them off that," he said. "We're definitely going to need it starting into the year and then gradually work our way off it."

"I expect Chrysler will follow suit very soon," said Nick Cassetta, general manager at Sarasota Chrysler-Plymouth, Sarasota, Fla. "But I'd like to see things get back to normal. I'd like to see people come in and buy a car because they want to buy a car."

"I have to say it was awful nice to have people begging us for cars," said Diane Waller, Waller Buick, Nashville. "It was nice to say, 'If you don't take it someone else will.' But right now, we really don't need them on anything until the inventory builds up some."

Dealers usually rely on some carryover units to bolster stocks while waiting for a steady supply of new-model-year vehicles. But the seven-week manufacturer sales blitz has made 1985 holdovers sparse.

"Because of the 7.7, carryover '85s ran out a little faster than normal," said Dennis Marquitz, general manager of Lou Fusz Pontiac, St. Louis. "It left us a little short of product."

"The 7.7 cleared us right out of '85s," said Charles Jordan, sales manager, Jim Skinner Ford-AMC, Birmingham, Ala., who cited a "very bad" inventory of 1986 models with the exception of Jeep.

"Generally, we would have a little better inventory than we have now," added Megel.

"We don't have all the models we're looking for," said Starks. "They're in the order bank, but we don't have the inventory right now."

The supply shortages are causing some dealers to hold off on pronouncements about the new model year.

"Our business has been brisk, but it is no test of any kind," said Charles Betts, Betts Cadillac, Des Moines. "We're still in '85s. I have less than six '86s on the lot."

Betts said the 7.7-percent late-summer finance rate "was a real hummer."

"That really broke the logjam for us," he said.

Since the incentives came off, there has been a limited amount of new product curiosity value to draw customers into showrooms. GM's new E-body models will not be unveiled until Nov. 14 and public sale of Ford's Taurus/Sable intermediates has been delayed until Dec. '6.

But Pontiac, Buick and Oldsmobile dealers surveyed last week said heads were turning for new four-door versions of the various N-body models, and Ford dealers cited interest in the Aerostar minivan.

Retailers almost unanimously said they detected little or no resistance to 1986 price stickers.

"I've been reading about sticker shock, but I haven't seen it," said Marquitz.

GM, Ford, AMC offering 8.8 loans on some models

Continued from Page 3

period.

The loans have a 48-month cap. To participate, dealers relinquish 70 percent of their income on the outstanding finance receivables. In addition, on the luxury cars and the S-10 and S-15 pickups, the carryover allowance is reduced from 5 percent to 3 percent.

The Ford program, an 8.8 APR Ford Motor Credit Co. incentive, includes 1985 and 1986 Ford Escort and Tempo models plus Mercury Lynx and Topaz models with manual transmissions purchased from dealer stock or ordered from Oct. 9 through Nov. 22.

And to keep its Ford dealers in the truck sales race, the company maker also extended the program to 1986 Ranger pickup and Bronco II models bought or ordered during the Oct. 7-Nov. 22 period.

Participating dealers relinquish a portion of the finance income. The loans have a 48-month cap.

Ford also offered a second-tier program to cover the few 1985 trucks in stock. During the period, Ford is allowing dealers $200 on carryover Ranger models and $250 on carryover Bronco II models. The division believes the allowances, combined with the 5 percent carryover rebates, will allow dealers to sell the 1985 models at a price comparable to 8.8 APR prices.

"We feel our program is a little better," said a Ford Division source. "We figure that because our dealers sell a higher percentage of cars with standard transmissions, about 20 percent of the cars our dealers sell are covered, compared with less than 10 percent for Chevrolet, for example."

The AMC program also is for 8.8 APR. It includes 1986 Renault Alliance and Encore models sold from Oct. 9 through Nov. 20.

The 8.8 APR rate is available on loans of up to 36 months. Loans of 37 to 48 months are available at 9.9 APR financing.

Gains charted in all areas of Service Index

Continued from Page 1

ume also was scored by total customer-paid and warranty labor sales, with an increase of 10.8 percent over last year.

The number of repair orders written showed a gain of 8.6 percent through August, while gross profit on all labor and P&A business was 8.5 percent higher than a year ago.

Shop-parts volume for the eight months was up 8.1 percent, P&A sales to outside sources was 6.6 percent higher and all P&A sales showed an increase of 5.7 percent over those in the like period in 1984.

Service Index figures are compiled from reports on shop business from a cross-section of the nation's franchised new-car and truck dealerships.

SERVICE INDEX
106.9★

	August, '85 vs. August, '84	8 mos., '85 vs. 8 mos., '84
Gross Profit on All Labor and P&A Sales	+6.5%	+ 8.5%
Repair Orders Written	+6.2%	+ 8.6%
Total Labor Sales (Customer & Warranty)	+9.8%	+10.8%
Shop Parts Sales (Customer & Warranty)	+5.7%	+ 8.1%
Sales of All P&A	+6.3%	+ 5.7%

★—Survey by Automotive News shows that dealers' service and parts business in August, 1985, was 106.9 percent of business in August, 1984. Service business in the first eight months of 1985 was 108.3 percent of business in the corresponding period in 1984.

breaking news

Continued from Page 1

cent to 1,239,000, for 41 percent of the home market.

Nissan aids Mexico

TOKYO.—Nissan is donating 20 Vanette Coach vans to Mexico for use in reconstruction activities in the aftermath of the earthquakes.

Stocks dip to 13-year low with supply of 36 days

Continued from Page 1

percent, and luxury, 13.63 percent.

On Sept. 1, it was shared this way: Subcompact, 18.70 percent; compact, 20.08 percent; intermediate, 34.69 percent; standard, 12.59 percent and luxury, 13.94 percent.

The Oct. 1 domestic cars by market class and days' supplies:

Subcompact—Encore, 95; Nova, 91; Alliance, 77; Golf, 55; Fiero, 48; Turismo, 42; Omni, 40; Pontiac 1000, 40; Charger, 38; Horizon, 38; Laser, 36; Daytona, 32; Chevette, 27; EXP, 25; Lynx, 24; Escort, 21; Sentra, 15, and Accord, 5.

Compact—Firenza, 92; Eagle, 66; Skyhawk, 61; Aries, 53; Mustang, 50; Reliant, 49; LeBaron, 47; Capri, 47; Firebird, 36; Camaro, 35; Cavalier, 34; Sunbird, 32; Cimarron, 20; Topaz, 16, and Tempo, 14.

Intermediate—Somerset Regal, 93; Monte Carlo, 76; New Yorker E, 75; Caravelle, 70; LeBaron GTS, 65; Dodge 600, 64; Lancer, 62; Skylark, 61; Marquis, 47; Calais, 47; Regal, 34; LTD 34; Thunderbird, 32; Bonneville, 32; Grand Am, 31; Grand Prix, 30; Century, 29; Celebrity, 28; Cougar, 27; Cutlass, 27; Pontiac 6000, 26; Ciera, 22, and Citation, 20.

Standard—Diplomat, 67; Gran Fury, 58; Parisienne, 41; Chevrolet, 40; Olds 88, 37; LeSabre, 35; Crown Victoria, 27, and Grand Marquis, 20.

Luxury—Corvette, 113; Seville, 92; Eldorado, 76; Riviera, 65; Toronado, 59; Olds Ninety-Eight, 44; Electra, 43; Continental, 37; Cadillac, 34; Mark VII, 32; Fifth Avenue, 30, and Lincoln, 23.

OBITUARIES

J.R. Davis, 90; held top sales posts at Ford

LEXINGTON, Ky.—J.R. (Jack) Davis, a former sales vice president of Ford Motor Co., died here Oct. 8 at the age of 90. He had retired in 1957.

Mr. Davis joined the Sales Division of Ford in 1919 and was named assistant general sales manager five years later. He was appointed general sales manager in 1937 and in 1939 was named Western regional manager. He became director of sales and advertising in 1944.

He also served as vice president in charge of Ford tractor and international operations and was chairman of the Product Planning Division. He was a director from 1945 until he retired.

Chrysler agrees to purchase 3rd finance company

Continued from Page 3

tric Credit Corp. to engage in third-party financing. Called CGE Associates, the venture finances machinery, equipment and real estate for third parties. Terms of the deal were not disclosed.

Chrysler is not alone in its investments in the fast-growing financial services industry. General Motors and Ford Motor Co. also have made investments in an effort to diversify from the cyclical automotive industry which faces slower future growth.

In the past year, General Motors Acceptance Corp. purchased a group of mortgage companies around Philadelphia and the mortgage servicing business of Northwest Corp., Minneapolis. The acquisitions make GMAC the nation's second largest provider of mortgage financing.

Ford Motor Credit Co. announced in August that it paid $500 million for First Nationwide Financial Corp., the nation's ninth largest savings and loan association.

No deal with Chinese near, Ford's Halstead reports

Continued from Page 3

for setting up a domestic industry.

"They've imported a lot of cars this last year, primarily from Japan," he said. "But with the kind of crunch that whole opening process has put on their foreign exchange, I see that drying up.

"They're not going to be able to sustain that, and it is one of the fundamental issues that I discussed when I was there. It's fairly clear that they can't afford that kind of foreign exchange drain, so they're interested in developing a domestic industry and doing it very quickly and very aggressively."

Halstead said the Chinese program is similar to difficult and long-range domestic industry development strategies elsewhere in the world. But he said other countries have generally allowed more time to reach their goals.

"They would like sort of instant results," he said. "Whether or not the Chinese Government is going to be able to come up with the kind of assurances from their side and agreements that would be required to take on such an effort simply remains to be seen.

"Having gone through the local-content developments in Latin America, it's taken us a long time from scratch to get to 80 to 90 percent content levels and, of course, the Chinese would like to get to 100 and do it, say, in five years. I don't believe it's quite possible to get there and produce quality product."

A primary problem, he said, is achieving the flexibility of labor needed for efficient production.

The Chinese Government now imposes restrictions on management, such as assignment of labor by the state and prohibitions on moving employes.

"You don't have free movement of employment, and it's a problem for us," Halstead added. "You'd have to be able to select and be able to become productive in order to make a go of an enterprise in China.

"And that's one of the other complicating factors of entering China. You're going to have to come to some agreements with the Chinese Government because traditionally you have restrictions, like you can't move labor around."

GM chief has joined one

Smith, Bieber support health-care alternatives

By Mary Connelly
Detroit Reporter

General Motors Chairman Roger Smith did it. And he wants others in the automotive industry to do it, too.

Smith has joined a PPO, a preferred provider organization for health-care delivery.

He maintains that alternatives to traditional health care such as PPOs and health maintenance organizations (HMOs) save money and deliver quality health care.

Smith and UAW President Owen Bieber, speaking to a gathering of business, labor and health-care providers in Detroit, supported alternatives to traditional health plans.

Citing the need to tackle the nation's health-care bill, which is nearly $400 billion annually, Smith said:

1. General Motors' health-care benefits cover over two million people, including 567,000 employes, employe dependents, 280,000 retirees and surviving spouses. That represents about one percent of the total population of the U.S.

2. GM's health-care costs of $2.3 billion in 1984 were almost four times greater than the company's health-care bill in 1974.

3. Health care represents about 40 percent of the total employe benefit cost at GM.

4. GM employes are about five years older on average than their national counterparts. The older work force, coupled with a large number of retirees, produces a bigger medical bill, Smith said.

Bieber said the UAW has formed joint committees with several employers, including GM, to explore alternatives to traditional health care.

Declaring that the UAW was among the "first pioneers" in the 1950s and 1960s to promote competition to the fee-for-service system of health care, Bieber said, "HMOs saved millions of dollars in premiums, while they provided quality health care.

"HMOs have played a major part in causing the recent reduction in the inflation trend of health care, the reduced hospitalization, the shorter length of stays, and even some insurance premium freezes or reductions," Bieber said.

Smith called HMOs and PPOs "one of the most promising ways to contain costs." He said GM records show those covered by traditional health insurance spend more time hospitalized than participants in HMOs.

"GM could potentially save the cost of more than half a million hospital days each year if everyone were in managed care," he said.

Bieber cautioned, however, that UAW support of health-care alternatives was not a "blank-check approval."

He said the more than 100 HMOs and 20 PPOs approved for use by UAW members are reviewed by the union. The plans are checked for fiscal viability, scope of benefits, competency of the management, training of the medical staff, record keeping, consumer orientation and other items, Bieber said.

The UAW president also cautioned against "proliferation" of alternative plans in a service area, claiming that "dilutes real competition with the standard fee-for-service delivery."

Bieber also said the UAW is "concered and disturbed with the rapid development and expansion of for-profit HMOs and PPOs."

"We have successfully resisted such efforts in Michigan and our position is well known in the national arena," Bieber said.

"It is our agenda to hold the line on health-care inflation trends. That is not the agenda for many for-profit plans."

In April, GM began offering employes a health-care program called the Informed Choice Plan. Employes may opt for traditional coverage, a PPO or an HMO.

In Michigan, about 33 percent of GM's active salaried employes and 27 percent of hourly employes chose an HMO or PPO, Smith said. Nationally, 29 percent of GM's salaried workers and 23 percent of hourly workers participate in alternative plans, he said.

Beiber said about 20 percent of all UAW members at Ford Motor Co. in Michigan use alternative plans and about 10 percent of UAW members at Chrysler Corp. have HMO coverage. Ford, he said, saved $7 million in premiums last year.

"The bottom line is that HMOs have been an excellent buy for the employers and our members," Beiber said.

The Conference on Alernative Health Care Delivery Systems was sponsored by the Economic Alliance for Michigan, a statewide business and labor coalition, in cooperation with Southeast Michigan business, labor and health planning organizations.

Alabama independents elect Morris president

BIRMINGHAM, Ala.—Charlie Morris, Morris Motor Co., Tuscumbia, Ala., has been elected president of the Alabama Independent Automobile Dealers Assn.

Other officers elected at the annual convention include: Connie Oswalt, Tuscaloosa, first vice president; Sam Folmar Jr., Ozark, second vice president, and Dave Ingram, Birmingham, secretary-treasurer.

Ex-state aide sentenced in Pa. odometer case

HARRISBURG, Pa.—Jose M. Torres, a former title examiner for the Pennsylvania Department of Transportation, was sentenced to six to 36 months in jail and fined $600 on charges of conspiracy and bribery involving more than $4,575 in the issuance of titles with false mileage readings.

Judge Herbert A. Schaffner imposed the sentence and penalty after Torres pleaded guilty in an odometer-tampering scheme investigated by a statewide grand jury.

The case reportedly involved used-car dealers in New York, Massachusetts and Pennsylvania who allegedly bought used cars in Canada and obtained titles from the Pennsylvania department showing fake mileage. The dealers then resold the cars.

The grand jury recommended charges against the dealers involved, but the state Office of the Attorney General has not yet brought any such actions.

According to Deputy Attorney General John Reed, Torres is expected to testify when charges are brought against the dealers.

Nissan to offer U.S. auto loans as securities

TOKYO.—Nissan Motor Co. plans to offer auto loans in the U.S. as two-year and four-year securities to investors.

By the end of this year, Nissan Motor Acceptance Corp. plans to issue $100 million worth of securities at an interest rate at 9 percent.

Calling them "Automobile Loan Bonds," Nissan said the move is aimed at avoiding risks of interest fluctuations and reducing fund-raising costs on a medium-term and long-term basis. It is also expected to allow Nissan to offer better loan terms to car buyers and dealers in the U.S. market, the company said.

General Motors Acceptance Corp. similarly plans to offer auto loans as securities by year-end. Some commercial banks already have done so.

LIGHT-DUTY SEPTEMBER, YEAR-TO-DATE SALES

	September		Year-to-Date	
	1985	1984	1985	1984
Vans	15,446	16,974	141,814	129,556
Aerostar	4,457	0	7,457	0
Club Wagon	2,275	3,110	24,722	23,476
Ranger	13,919	18,106	179,679	168,068
Bronco	4,270	3,461	37,909	33,970
Bronco II	6,878	8,231	73,921	75,064
Pickups	49,633	40,845	447,301	406,419
Ford	**96,878**	**90,727**	**912,803**	**836,553**
Vans	13,103	9,397	118,243	123,474
Sportsvan	1,116	1,049	16,620	18,001
Astro	13,121	0	77,411	0
S-10	15,894	13,178	160,018	145,445
S-10 Blazer	13,222	10,727	129,386	105,159
El Camino	1,731	1,344	15,527	18,291
Blazer	3,498	3,144	33,528	35,983
Suburban	4,298	3,694	44,329	38,693
Pickups	46,253	34,212	384,702	347,435
Chevrolet	**112,236**	**76,745**	**979,764**	**832,481**
Vans	5,831	5,132	49,104	55,463
Ram Wagon	3,078	2,327	31,163	31,395
Voyager	7,591	6,164	80,276	60,960
Caravan	8,115	6,417	85,745	63,257
Mini Ram Van	1,689	2,641	18,430	14,468
Ram 50	7,635	5,537	53,010	37,563
Other Plymouth Trucks	0	0	0	378
Ramcharger	1,679	1,936	25,952	20,859
Rampage	0	772	0	8,221
Pickups	15,770	10,209	131,433	100,239
Chrysler	**51,388**	**41,135**	**475,113**	**392,803**
Vans	3,604	3,501	31,834	36,172
Safari	3,518	0	18,346	0
S-15	3,320	3,296	35,838	34,002
S-15 Jimmy	3,132	2,869	29,717	25,353
Jimmy	642	574	6,443	6,582
Caballero	201	141	1,909	2,108
Suburban	1,258	1,329	13,561	12,369
Pickups	10,321	9,622	96,283	92,427
P Model	571	499	5,607	4,377
GMC	**26,567**	**21,831**	**239,536**	**213,390**
CJ	2,838	3,396	28,618	32,161
Wagoneer	969	1,399	9,369	14,550
Cherokee	6,877	4,929	66,690	47,595
Grand Wagoneer	1,544	1,694	11,742	13,387
Comanche	1,123	0	1,123	0
Pickups	114	206	1,467	2,670
Jeep	**13,465**	**11,624**	**119,009**	**110,363**
Toyota	21,268	14,165	245,005	195,693
Nissan	28,270	13,117	211,435	153,531
Mazda	11,292	10,425	85,332	91,061
Isuzu	7,767	4,321	58,438	31,718
Mitsubishi	2,363	1,513	18,987	11,531
Imports	**70,960**	**43,541**	**619,197**	**483,534**
Industry Total	**371,494**	**285,603**	**3,345,424**	**2,869,124**

*Nissan includes domestically-built units in Tennessee.

MAJOR MANUFACTURERS BY SEGMENT

	September		Year-to-Date	
	1985	1984	1985	1984
Light-Duty	96,878	90,727	912,803	836,553
Medium-Duty	4,100	2,962	34,497	30,204
Heavy-Duty	1,293	894	11,805	9,105
Ford Total	**102,271**	**94,583**	**959,105**	**875,862**
Light-Duty	112,236	76,745	979,764	832,481
Medium-Duty	2,286	2,111	15,216	15,046
Chevrolet Total	**114,522**	**78,856**	**994,980**	**847,527**
Light-Duty	26,567	21,831	239,538	213,390
Medium-Duty	3,078	3,148	22,886	21,578
Heavy-Duty	618	1,638	8,293	11,435
GMC Total	**30,263**	**26,617**	**270,717**	**246,403**

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factories list auction dates

American Motors

Oct. 15—Arena Auto Auction, Chicago, and D-A Auto Auction, New Stanton, Pa.

Oct. 16—Columbus Fair Auto Auction, Obetz, O.; Central States Auto Auction, Mason City, Ia., and Mid-States Auto Auction, South Bend.

Oct. 17—Evansville Auto Auction, Evansville, Ind.; Todd Auto Auction, Telford, Pa.; Minneapolis Northstar Auto Auction, Shakopee, Minn., and Corry Auto Auction, Corry, Pa.

Oct. 22—High Point Auto Auction, High Point, N.C., and Aptco Auto Auction, Taylor, Mich.

Oct. 23—Kansas City Auto Auction, Kansas City; Mid-States Auto Auction, South Bend, and Metro Milwaukee Auto Auction, Caledonia, Wis.

Oct. 24—Evansville Auto Auction, Evansville, Ind.; Northway Exchange, Clifton Park, N.Y., and Minneapolis Northstar Auto Auction, Shakopee, Minn.

Oct. 25—Floyd Hauhe Auto Auction, Bridgeton,Mo.

Oct. 29—Arena Auto Auction, Chicago, and D-A Auto Auction, New Stanton, Pa.

Oct. 30—Columbus Fair Auto Auction, Obetz, O.; Central States Auto Auction, Mason City, Ia., and Mid-States Auto Auction, South Bend.

Chrysler Corp.

Oct. 15—Hatfield Auto Auction, Hatfield, Pa.; Aptco Auto Auction, Taylor, Mich.; Golden Gate Auto Auction, Fremont, Calif., and Nu-CarPrep System, Santa Fe Springs, Calif.

Oct. 16—Butler Auto Auction, Gibsonia, Pa.; Sand Mountain Auto Auction, Boaz, Ala; Minneapolis Auto Auction, Plymouth, Minn., and Dallas Auto Auction, Grand Prairie, Tex.

Oct. 17—Clanton's Auto Auction, Darlington, S.C., and Indianapolis Auto Auction, Indianapolis.

Oct. 18—Concord Auto Auction, Acton, Mass., and Floyd Hauhe Auto Auction, Bridgeton, Mo.

Ford Motor Co.

Oct. 16—Concord Auto Auction, Acton, Mass.; Columbus Fair Auto Auction, Obetz, O.; Golden Gate Auto Auction, Fremont, Calif., and Southwest Auto Auction, Pheonix.

Oct. 17—Floyd Hauhe Auto Auction, Bridgeton, Mo., and Southwest Auto Auction, Phoenix.

Oct. 23—Clanton's Auto Auction, Darlington, S.C.

Oct. 24—Arena Auto Auction, Chicago, and Big H Auto Auction, Houston.

Oct. 30—Minneapolis Northstar Auto Auction, Shakopee, Minn.

General Motors

Oct. 15—Southern Auto Auction, E. Windsor, Conn., and South Seattle Auto Auction, Kent, Wash.

Oct. 16—Clanton's Auto Auction, Darlington, S.C., and Indianapolis Auto Auction, Indianapolis.

Oct. 22—Ohio Auto Auction, Columbus, O.

Oct. 23—Metro Auto Auction, Kansas City.

Oct. 24—Butler Auto Auction, Gibsonia, Pa., and Arena Auto Auction, Chicago.

Oct. 31—Southwest Auto Auction, Phoenix.

Wharton School slates workshops for executives

NEW YORK.—The Wharton School will present the Wharton Effective Executive Workshop at five locations in coming months.

The five-day workshops feature case studies, role-playing, evaluation exercises and video tape sessions which allow participants to see themselves through the eyes of others. The program provides practical suggestions for self-management, conflict resolution, communications, motivation and management of others.

The dates and places for the seminars are: Nov. 4-8, Monterey, Calif.; Dec. 9-13, Palm Beach; Jan. 20-24, Palm Springs; Feb. 3-7, New Orleans; March 3-7, Monterey, and March 17-21, Tarpon Springs, Fla.

Used Car Sales
Auction Averages

Oct. to date	$4,812
Month ago	$5,024
Year ago	$5,111

Model Breakdown
Auction Averages

	OCT., 1985	SEPT., 1985	AUG., 1985
1985	$9,565	$10,176	$11,068
1984	$6,669	$7,430	$7,766
1983	$5,994	$6,177	$5,923
1982	$4,897	$4,860	$5,094
1981	$3,618	$3,991	$4,228
1980	$2,952	$3,008	$3,165
1979	$2,422	$2,519	$2,585
1978	$1,863	$1,848	$2,099
Overall Average	$4,612	$4,883	$5,172

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4. Complete mailing address of known office of publication: 1400 Woodbridge, Detroit, Wayne County, MI 48207.

5. Complete mailing address of the headquarters of general business offices of the publisher: 1400 Woodbridge, Detroit, Wayne County, MI 48207.

6. Full names and complete mailing address of Publisher, Editor, and Managing Editor:

Publisher: Keith Crain, 1400 Woodbridge, Detroit, MI 48207

Editor: Robert Lienert, 1400 Woodbridge, Detroit, MI 48207

Managing Editor: John K. Teahen, 1400 Woodbridge, Detroit, MI 48207

7. Owner (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and address of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given. If the publication is published by a nonprofit organization, its name and address must be stated.)

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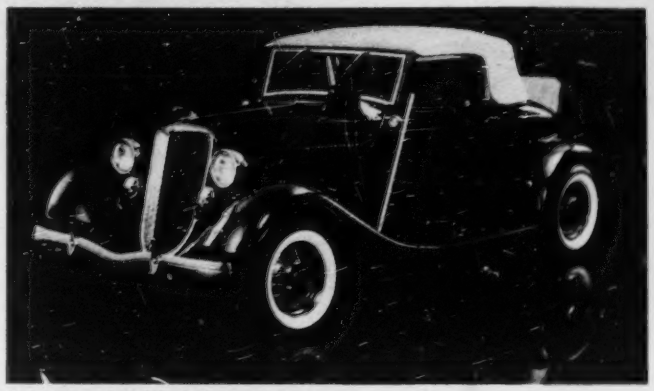
8. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortages or other securities:

None.

10. Average number of copies of each issue of this publication sold or distributed through the mails or otherwise during the 12 months preceding the date shown above was: Total number of copies: 68,068; sales through dealers, carriers, street vendors and counter sales: 299; mail subscription: 62,707; total paid and/or requested circulation: 63,006; free distribution: 2,186; total copies distributed: 65,192; office use, left over, unaccounted, spoiled after printing: 2,589; returns from news agents: 287. Actual number of single issue published nearest to filing date (September 30, 1985): total number of copies: 66,600; sales through dealers, carriers, street vendors and counter sales: 295; mail subcription: 63,989; total paid and/or requested circulation: 64,284; free distribution: 737; total copies distributed: 65,021; office use, left over, unaccounted, spoiled after printing: 1,201; returns from news agents: 378.

11. I certify that the statements made by me above are correct and complete: Getrude R. Crain.



'34 Ford Cabriolet revisited

Golden Age Auto Corp., Albion, Mich., has delivered the first '34 Cabriolet to Jim Hoekzema, Hoekzema Ford, Wayland, Mich. The reproduction of the 1934 Ford Cabriolet is built on Ford Ranger mechanicals and is sold exclusively through selected Ford and Lincoln-Mercury dealers.

Golden Age Auto builds '34 Ford Cabriolet replicas

ALBION, Mich.—Golden Age Auto Corp., which began producing and marketing reproductions of the 1934 Ford Cabriolet in June, has delivered its first '34 Cabriolet to Jim Hoekzema, Hoekzema Ford, Wayland, Mich.

Nelson R. (Skip) Turner, president and chief executive officer of Golden Age Auto, projects manufacture of 44 '34 Cabriolets in the first year of operations and not more than 550 units in any one year in the future.

Turner, who was a Ford Motor Co. engineer and has been in the auto reproduction industry for five years, said: "Our car is neither a 'neoclassic' nor a 'replicar.' The '34 Cabriolet falls somewhere in between."

Retail cost of the '34 Cabriolet is in the $30,000 to $35,000 range. Selected Ford and Lincoln-Mercury dealers will handle the cars.

The exterior of the '34 Cabriolet conforms to the styling of the original—a two-seat convertible with rumble seat—while present-day technology is found under the hood.

The chassis is based on the Ford Ranger suspension and drivetrain. The V-6 engine and automatic transmission are also from the Ranger. Also included are twin I-beam suspension, longitudinal rear springs, power rack and pinion steering, power disk brakes and reinforced fiberglass body construction.

The car's wheelbase is 112 inches; overall height, 65 inches; overall length, 186 inches, and overall width, 67.5 inches.

The interior of the '34 Cabriolet features an instrument panel of walnut or mahogany, tilt wheel, cruise control, power windows and an AM/FM/stereo cassette radio system with tilt axial speakers. Only four items are optional—a cellular telephone, a security system, leather interior and air conditioning.

Graves is silver

Ralph R. Graves, right, Graves Chevrolet, Williamsburg, Mass., receives a 25-year-dealer award from John C. Burrow, Boston zone manager.

Toyota, Hino to increase dealer networks in U.S.

TOKYO.—Toyota Motor Corp. and Hino Motors, Ltd., plan to beef up their dealership networks in the U.S.

Toyota reportedly will expand the number of dealerships from the current 1,080 to between 1,200 and 1,300 in two years to handle its planned production in the U.S.

Toyota also is expected to boost the ratio of dealerships handling its products exclusively from 60 percent to 70 percent.

By 1988, Toyota will be producing 250,000 cars in the U.S., 200,000 from a new plant yet to be built and 50,000 units from New United Motor Mfg., Inc., its joint venture with General Motors in Fremont, Calif.

Hino will boost the number of U.S. dealers handling its trucks from 50 to 85 by the end of the year.

Last year, Hino and Mitsui & Co., a major trading company, established a subsidiary, Hino Diesel Trucks (U.S.A.), Inc., Orangeburg, N.Y., to increase sales of Hino trucks.

Hino Diesel, the truck-selling subsidiary, expects to sign 35 dealers in more than 10 states not covered by dealers in its existing network.

Hino expects to export 1,500 units to the U.S. in the current fiscal year, up from the 580 the previous year. It is shooting for 5,000 sales annually by 1990.

The Hino move is a result of the increasing competition in the U.S. truck market. The latest entry is Nissan Diesel Motor Co., Ltd., which has signed an agreement to supply International Harvester with up to 3,000 diesel trucks annually.

Nissan Diesel also is establishing a dealer network to sell up to 2,000 trucks initially.

172,798 units scheduled

Auto production slips for week

Last week's estimated auto production of 172,798 units was down 1.13 percent from the previous week's 174,781.

Each of the Big Three as well as American Motors reported slightly lower production targets last week.

Last week's scheduled output was 6.93 percent more than the year-ago week's 161,605.

So far this year, 6,528,829 cars have been assembled, 4.99 percent more than the 6,218,728 completed last year at this point.

Companies accounted for last week's scheduled production as follows: General Motors, 57.28 percent; Ford Motor Co., 19.21 percent; Chrysler Corp., 16.93 percent; Honda of America Mfg. Co., 1.69 percent; American Motors, 1.59 percent; Volkswagen of America, 1.36 percent; New United Motor Mfg., Inc., 1.10 percent, and Nissan Motor Mfg. Co., U.S.A., 0.84 percent.

Saturday (Oct. 12) overtime was scheduled for the following GM plants: Janesville, Wis.; Tarrytown, N.Y., and Detroit-Hamtramck.

Ford has scheduled daily overtime this week (Oct. 14) at the following plants: Chicago; Dearborn; Edison, N.J.; Wayne, Mich.; Wixom, Mich., and Lorain, O.

Ford plants in Chicago and Kansas City are slated for overtime next Saturday (Oct. 19).

Saturday (Oct. 12) overtime was scheduled at Chrysler's Newark (Del.) assembly plant.

Ford's Atlanta plant, which had been closed since May for model changeover, started production of the 1986 Taurus and Sable models today (Oct. 14).

The Atlanta plant formerly produced the Ford LTD and Mercury Marquis.

Auto sky is not falling, Bush tells Detroit leaders

By Michelle Krebs
Financial Editor

Vice President George Bush showed little sympathy for the auto industry on his visit to Detroit.

"The industry's just concluding one of the best years in history," he noted, when it was suggested that the Japanese are gobbling up the U.S. auto industry.

At a news conference after addressing the Economic Club of Detroit, Bush said he hopes Chrysler Corp. Chairman Lee Iacocca is wrong in his predictions that within two years the Japanese will hold 50 percent of the U.S. auto industry from fully built automobiles to components in U.S.-assembled vehicles.

"We were told when the VRA (Voluntary Restraint Agreement) was taken off that the short-run effects would be deleterious to the industry," he said. "Fortunately, that has not been the case.

"The sky did not fall down. The industry is doing pretty well," he added.

He said the drive by the world's top five industrial nations to push the U.S. dollar down and the Reagan Administration's retaliction against countries exercising unfair trade practices will produce an outcome different from Iacocca's scenario.

"I would hope the approach we're on will have a very different result from that," Bush said. "But we're not relaxed about it, because I think there are problems down the road."

Bush further said that the readjustment in the currencies has helped take some of the pressure off moves toward protectionism.

"We are going to have to continue to resist the siren call of across-the-board protectionism," he said. "I think the mood on the (Capitol) Hill is still a mood toward protectionism in various industries."

Bush said the Reagan Administration will continue to push to open up more markets. It also will do more "rifle-shot retaliation" against countries imposing unfair trade measures on the U.S.

Bush said it will take some time for the manufacturing sector to feel the effects of the better balance of the U.S. dollar and foreign currencies.

He added that the agricultural segment should be the first to enjoy the benefits.

After addressing the Economic Club of Detroit, Bush visited the University of Michigan to commemorate the 25th anniversary of the founding of the Peace Corps.

Multicraft division wins Ford Q1 award

PELAHATCHIE, Miss.—United Electrical Assemblies has received a Q-1 award from Ford Motor Co.'s Plastics, Paint and Vinyl Division.

United Electrical Assemblies is a division of Multicraft Enterprises, an automobile components manufacturer based in Mississippi.

Truck production remains above 74,000 for week

Domestic truck manufacturers' estimated production of 74,657 units last week was about the same as (down 0.12 percent) the previous week's 74,750.

The prior week's output was the highest since the week ended June 24, when 74,751 trucks were built.

Last week's targeted build was 17.92 percent ahead of the year-ago week's 63,312.

So far this year, 2,730,055 trucks have been assembled, 10.72 percent more than the 2,465,733 units completed last year at this point.

Ford Motor Co. plants in Kansas City; Louisville; Norfolk; Lorain, O., and Wayne, Mich., have scheduled daily overtime this week (Oct. 14).

Saturday (Oct. 19) overtime has been scheduled for Ford's Wayne plant.

Saturday (Oct. 12) overtime was scheduled at Chrysler Corp.'s Warren (Mich.) plant.

The Warren plant is scheduled to work two nine-hour shifts Monday through Friday this week.

Year's car output in Canada moves ahead of 1984

Auto production in Canada has finally caught up with the year-ago total after lagging behind the 1984 aggregate since mid-January.

So far this year, 836,774 cars have been assembled, slightly higher (0.07) than the 836,227 built last year at this point.

Scheduled output of 25,141 last week was up 4.47 percent over the previous week's 24,065 and was 35.39 percent more than the year-ago week's 18,570.

Truck makers scheduled production of 16,998 units last week, down 9.45 percent from the previous week's 18,772 and down 0.94 percent from the year-ago week's 17,160.

All assembly plants in Canada are closed today (Oct. 14) because of the Thanksgiving Day holiday.

Year-to-date, 675,553 trucks have been assembled, 6.43 percent more than the 634,753 units assembled last year at this point.

Allied donates

DETROIT.—The Allied Automotive Sector of Allied Corp. donated $5,000 to the Detroit Science Center.

CANADIAN CAR PRODUCTION

	Week Ended Oct. 12, 1985	Week Ended Oct. 13, 1984	Week Ended Oct. 5, 1985	Oct. to Date	Jan. 1 to Oct. 13, 1984	Jan. 1 to Oct. 12, 1985
AMERICAN MOTORS	328	488	0	328	17,462	8,607
FORD MOTOR	10,848	8,423	9,876	18,749	338,606	390,450
GENERAL MOTORS	13,740	9,479	13,964	24,911	471,968	429,844
VOLVO	225	180	225	405	8,191	7,873
Total Cars, Canada	25,141	18,570	24,065	44,393	836,227	836,774

U.S. TRUCK PRODUCTION☆

	Week Ended Oct. 12, 1985	Week Ended Oct. 13, 1984	Week Ended Oct. 5, 1985	Oct. to Date	Jan. 1 to Oct. 13, 1984	Jan. 1 to Oct. 12, 1985
CHEVROLET	21,723	17,878	24,046	40,960	785,776	933,006
DODGE	5,200	4,172	4,647	8,918	162,421	173,556
FORD	28,854	26,443	27,242	50,648	936,694	937,578
GMC	7,055	6,509	6,659	12,382	255,015	289,677
INTERNATIONAL	1,295	1,557	1,538	2,525	60,196	59,949
JEEP	5,600	3,491	5,689	10,151	147,204	173,197
NISSAN	2,880	2,212	2,879	5,183	75,367	86,559
AM GENERAL	50	50	50	90	2,060	1,980
MISCELLANEOUS	2,000	1,000	2,000	3,600	41,000	74,553
Total Trucks, U.S.	74,657	63,312	74,750	134,457	2,465,733	2,730,055

CANADIAN TRUCK PRODUCTION

	Week Ended Oct. 12, 1985	Week Ended Oct. 13, 1984	Week Ended Oct. 5, 1985	Oct. to Date	Jan. 1 to Oct. 13, 1984	Jan. 1 to Oct. 12, 1985
CHRYSLER	7,360	8,735	9,156	14,685	281,581	316,209
FORD	3,648	3,496	3,648	6,566	120,032	128,775
GENERAL MOTORS	5,760	4,757	5,734	10,347	226,587	222,335
INTERNATIONAL	230	172	234	417	6,553	8,234
Total Trucks, Canada	16,998	17,160	18,772	32,016	634,753	675,553
N. American Trucks	91,655	80,472	93,522	166,473	3,100,486	3,405,608

☆—Now includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR PRODUCTION

	Week Ended Oct. 12, 1985	Week Ended Oct. 13, 1984	Week Ended Oct. 5, 1985	Oct. to Date	Jan. 1 to Oct. 13, 1984	Jan. 1 to Oct. 12, 1985
AMERICAN MOTORS	2,750	4,737	2,863	5,040	154,365	92,387
Renault Total	2,750	4,737	2,863	5,040	154,365	92,387
Alliance	1,900	2,937	1,922	3,438	87,773	59,647
Encore	850	1,800	941	1,603	66,592	32,740
CHRYSLER CORP.	29,250	26,185	30,796	53,887	975,543	1,041,343
Plymouth Total	7,950	8,960	8,033	14,376	295,620	301,365
Horizon	2,800	3,469	2,792	5,034	127,121	115,693
Reliant	3,800	4,025	3,776	6,821	138,401	133,232
Caravelle	1,000	995	1,043	1,834	13,222	38,713
Gran Fury	350	471	422	688	16,876	13,727
Chrysler Total	10,400	7,472	11,366	19,493	318,711	342,406
LeBaron	2,500	2,200	2,635	4,608	92,971	74,377
LeBaron GTS	2,700	222	2,654	4,823	390	78,807
Laser	1,200	1,517	1,520	2,416	56,445	43,467
New Yorker/E-Class	1,400	1,498	1,431	2,545	75,093	53,518
Fifth Avenue	2,600	2,035	3,126	5,101	93,812	92,237
Dodge Total	10,900	9,753	11,397	20,018	361,212	397,572
Omni	2,600	2,776	2,696	4,757	118,498	111,657
Aries	3,200	3,318	3,146	5,717	110,189	111,910
Daytona	1,200	1,046	1,300	2,240	42,086	38,919
Dodge 600	1,700	1,335	1,862	3,196	59,963	52,920
Lancer	1,600	184	1,686	2,949	348	54,008
Diplomat	600	1,094	707	1,166	30,128	28,158
FORD MOTOR	33,203	41,002	34,375	60,703	1,393,566	1,302,448
Ford Division	23,288	26,497	24,209	42,655	903,632	872,664
Escort	9,159	7,611	7,721	15,336	275,005	266,765
Mustang	4,815	3,221	4,221	8,192	108,882	144,502
LTD	4,196	5,433	4,417	7,730	178,053	167,313
Taurus***	0	0	0	0	0	0
Thunderbird	3,487	3,249	4,756	7,292	117,459	138,286
Crown Victoria	0	1,878	0	0	65,812	7,122
EXP	0	1,291	0	0	32,220	3,863
Tempo	1,631	3,814	3,094	4,106	126,201	144,813
L-M Division	9,915	14,505	10,166	18,048	489,934	429,784
Mercury Total	6,286	10,879	6,499	11,485	357,690	302,195
Lynx	1,698	1,550	1,412	2,828	55,453	57,255
Capri	435	732	388	745	13,529	15,084
Marquis	1,124	2,799	1,552	2,366	92,505	79,963
Sable***	0	0	0	0	0	0
Cougar	2,571	2,689	2,389	4,482	89,734	99,964
Grand Marquis	0	1,736	0	0	73,420	7,915
Topaz	458	1,373	758	1,064	33,049	42,014
Lincoln Total	3,629	3,626	3,667	6,563	132,244	127,589
Continental	503	652	502	905	29,436	20,390
Lincoln	2,725	2,569	2,758	4,331	81,150	93,045
Mark VI/VII	401	405	407	727	21,658	14,154
GENERAL MOTORS	98,975	85,522	99,262	178,385	3,529,835	3,834,595
Buick Total	22,113	24,206	21,831	39,578	783,614	799,319
Skylark	0	3,214	0	0	86,759	40,953
Skyhawk	2,236	2,329	2,086	3,905	110,811	83,718
Somerset Regal	2,670	1,704	2,914	5,001	10,098	99,205
Century	7,717	5,626	8,090	14,189	179,529	224,078
Regal	3,427	3,222	3,964	6,598	147,695	106,874
LeSabre/Electra(rwd)	830	4,275	767	1,444	164,359	91,440
LeSabre (fwd)	883	0	178	1,025	0	1,218
Riviera	310	1,496	98	388	40,308	45,855
Electra(fwd)	4,040	2,338	3,734	7,027	44,055	103,978
Cadillac Total	6,715	7,672	4,675	10,455	261,029	269,419
Cimarron	746	0	552	1,188	13,374	21,204
Seville	661	1,046	61	710	30,064	28,109
Eldorado	866	1,680	106	951	59,989	52,923
Cadillac (rwd)	665	1,552	390	977	95,554	32,169
DeVille (fwd)	3,777	3,394	3,566	6,630	62,048	135,014
Chevrolet Total	33,318	22,585	32,494	59,313	1,209,517	1,291,607
Chevette	2,561	2,813	2,976	4,942	145,811	125,711
Cavalier	10,164	4,708	9,161	17,493	331,581	391,931
Celebrity	4,149	5,709	4,535	7,777	231,092	214,186
Camaro	5,029	1,239	4,631	8,734	187,558	167,386
Citation	0	2,178	0	0	88,795	28,697
Malibu/El Camino	0	275	0	0	19,495	1,199
Monte Carlo	2,400	2,313	3,419	5,135	83,828	110,951
Chevrolet	8,015	2,550	6,769	13,430	95,372	214,808
Corvette	1,000	800	1,003	1,802	25,985	36,738
Oldsmobile Total	22,066	19,308	23,549	40,905	847,578	940,022
Omega	0	0	0	0	29,289	0
Firenza	1,259	1,550	1,232	2,245	56,661	50,403
Cutlass Supreme	4,886	3,535	5,717	9,460	206,155	184,376
Cutlass Ciera	7,412	2,982	8,608	14,298	197,314	281,330
88/96 (rwd)	600	5,756	635	1,108	254,793	162,173
88 (fwd)***	1,200	0	938	1,950	0	2,138
Olds 98	3,213	2,732	3,396	5,930	57,671	114,102
Calais	3,275	1,673	2,962	5,645	10,789	118,485
Toronado	221	1,080	61	270	34,906	27,555
Pontiac Total	14,763	11,751	16,713	28,133	428,097	534,228
Acadian**	0	299	619	495	11,948	12,177
2000 Sunbird	2,217	2,709	3,400	4,937	116,101	111,232
1000	1,053	867	1,292	2,087	32,591	23,686
Firebird	2,382	673	2,188	4,132	87,379	88,676
Phoenix	0	0	0	0	14,116	0
6000	1,700	0	1,119	2,595	0	41,561
Grand Prix/Bonneville	0	0	0	0	29,733	0
Parisienne	2,519	2,392	2,692	4,673	33,544	64,310
Fiero	2,206	3,237	1,935	3,754	96,082	88,179
Grand Am	2,686	1,574	3,468	5,460	6,603	104,407
HONDA	2,920	3,142	1,786	4,349	106,451	116,952
NISSAN	1,450	0	1,462	2,620	0	27,353
NUMMI (Nova)*	1,900	0	1,900	3,420	0	38,549
VOLKSWAGEN	2,350	1,017	2,337	4,220	58,968	75,202
Total Cars, U.S.	172,796	161,605	174,781	312,623	6,218,728	6,528,829
Total Cars, Canada	25,141	18,570	24,065	44,393	836,227	836,774
N. American Cars	197,939	180,175	198,846	357,016	7,054,955	7,365,603
N. American Trucks	91,655	80,472	93,522	363,623	3,100,486	3,405,608
North American Cars and Trucks	289,594	260,647	292,368	720,639	10,155,441	10,771,211

*—Revised estimate.
**—All Acadians are built for sale in Canada.
***—No production reported at this time.
Monthly estimates may contain error of one or two units due to rounding.

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Automotive News

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Imports fall to 5-month stockpile low

By Kathleen Hamilton
Assistant Managing Editor

The stockpile of new imported cars fell to a five-month low on Oct. 1, fostered by strong sales and muddled by varying new-model introduction dates.

There were 280,248 new imported cars in inventory at dealerships, ports and in transit as the month opened, a 29-day supply.

The days-supply figure has been hovering within five days either side of the recent number for a year. Last month, for example, there was a 31-day supply (293,268 units); on Oct. 1 a year ago, it was 24 days (179,171 units).

Import truck supplies plummeted in the face of strong sales. On Sept. 1 there was a 40-day supply (99,748 units); on Oct. 1, it fell to a 26-day supply (84,957 units).

Adding imported cars and trucks, this month's vehicle stockpile numbered 365,205, a 29-day supply. One month earlier there were 393,016 vehicles in stock, a 33-day supply. One year earlier, the import-vehicle stockpile stood at 257,941, a 27-day supply.

The stockpile of imported cars was split this way on Oct. 1: Japan, 62.84 percent; Germany, 26.29 percent; other countries, 10.87 percent. A month earlier, the split by country was Japan, 65.02 percent; Germany, 25.61 percent, and other countries, 9.37 percent.

Honors for the lowest inventory this month went to Yugo, which

Please turn to Page 56, Col. 1

On strike

Joe Wilsons

UAW shuts down Chrysler

Signs carried by pickets at Chrysler's Jefferson assembly plant in Detroit tell the story: The company and the two UAWs failed to reach agreement by the deadline last week, and 80,000 workers in the U.S. and Canada walked off their jobs.

Big Three profits to total $7.7 billion for 2nd-best year

By Michelle Krebs
Financial Editor

The Big Three auto manufacturers collectively are well on their way to the second best year in their history, but their combined earnings will be about 21 percent below the 1984 record.

The Big Three will earn about $7.7 billion for 1985, based on an average of forecasts of auto analysts surveyed by Automotive News.

The $7.7 billion would put the domestic industry behind 1984's record $9.8 billion but ahead of the $6.3 billion earned in 1983, currently the second best year.

The third quarter is expected to be the Big Three's second best third-quarter with combined earnings totaling $1.07 billion, just ahead of 1984's combined $1.06 billion. The record for the third quarter is $1.17 billion in 1983.

Third-quarter earnings for the Big Three will be announced this week. American Motors will announce its financial results next week.

General Motors will earn about $513 million for the quarter, ahead of last year's $417 million. That would be GM's second-best third quarter; the third quarter of 1983 was GM's best ever with earnings of $737 million.

The analysts' forecasts for GM's third-quarter earnings range from about $475 million to $600 million.

For the year, GM is in line to earn about $3.66 billion, based on the analysts' average. GM earned a record $4.52 billion in 1984 and $3.73 billion in 1983.

The analysts' forecasts for GM's earnings for the year ranged from a low of $3.33 billion to a high of $4.10 billion.

For the third quarter, Ford Motor Co. will earn $291 million. If the analysts' average projection proves accurate, the third quarter will be Ford's second best, behind 1984's record $380 million.

Quarterly earnings estimates ranged from about $260 million to $370 million.

Ford is headed for its second best year ever with earnings to total about $2.34 billion. Earnings for 1984 were a record $2.91 billion.

Forecasts for the year ranged from $2.20 billion to $2.70 billion.

Chrysler Corp., which is paying taxes this year, will earn about $262 million in the third quarter, based on the analysts' average. That would be virtually un-

Please turn to Page 8, Col. 4

Key economic and non-economic issues involved

Strike costs Chrysler millions daily

By Mary Connelly
Detroit Reporter

Key economic and non-economic issues impeded settlement of a contract between Chrysler Corp. and 80,000 striking UAW members in the U.S. and Canada late last week.

The strike is costing Chrysler an estimated $10 million to $15 million a day.

Both sides expressed hoped for a short strike when the picketing began at 12:01 a.m. Wednesday.

But the two sides differed on how far they had to travel to reach contract settlement.

UAW President Owen Bieber, in announcing the strike, said "the gulf separating us on key issues is simply too great to bridge at this point."

"We believe every avenue has been explored and every alternative examined," he said.

Still unresolved when the strike began were issues central to the negotiations, he said. They included the UAW's demand that Chrysler workers achieve wage and benefit parity with employes at General Motors and Ford Motor Co., job security and a critical UAW demand that Chrysler curtail the use of outside suppliers thereby providing additional jobs for union workers in the corporation.

However, Thomas W. Miner, Chrysler industrial relations vice president, maintained that the "basics" of a tentative settlement were in place when the strike was authorized.

"We think it's a damn shame and it shouldn't have happened," said Miner, Chrysler's chief negotiator.

"I don't think Chrysler deserves it, but we got it."

The two sides were "well on the way" to an agreement which would have provided parity with workers at GM and Ford, he said.

"The proposal being discussed at the time of the union's decision to break off negotiations would have provided the company's U.S. employes with a series of benefits and wage increases to bring the Chrysler worker's wage and benefit package in line with those en-

Please turn to Page 56, Col. 3

15,576 compares with 12,427 on Jan. 1

Import dealerships up 25 pct.

By Dan McCosh
Detroit Reporter

New import franchises added by domestic dealers continue to inflate the import-dealer total, which reached 15,576 at mid-year, up about 25 percent from the end of last year when import-car dealerships totaled 12,427, according to an Automotive News survey.

Chevrolet's extension of its Isuzu Spectrum and Suzuki Sprint lines to virtually all its U.S. dealerships and the addition of the Merkur cars built by Ford in West Germany to Lincoln-Mercury dealerships produced the upswing in "new" import outlets.

The "captive" trend is likely to accelerate, and if plans to add captive imports and offshore-produced cars to domestic dealerships all materialize, by 1987 there will be few dealerships left in the U.S. handling only U.S.-built products.

But the growth in the number of dealers handling imports does not mean a huge addition of new dealerships. The 130 new dealers that handle only import cars, bringing the total to 3,952 at mid-year, represented a slight reversal of the decline that was noted at the end of last year.

The remainder of the total—11,624 dealerships, up from 8,605 at the beginning of the year—reflects the aforementioned Chevrolet and Lincoln-Mercury franchising of Suzuki, Isuzu and Merkur cars.

Regardless, real growth in import outlets is anticipated in the near future. Korea's Hyundai expects to open about 200 new Hyundai-exclusive shops in 1986, while Honda is also asking for "exclusive" status for its Acura car line, which will also add to the import dealer population.

In addition, domestic dealers adding a noncaptive import line continued to grow in the first half of 1985, with the 2,580 domestic dealers covering two bases representing an increase of 40 outlets in the period.

Shifts in the franchising pattern likewise were highlighted by the rush by domestic auto makers to

Please turn to Page 54, Col. 2

IMPORTED-CAR RETAIL OUTLETS

	July 1, 1985		Jan. 1, 1985	
Imported cars only:				
Exclusives	2,908		2,833	
Duals	1,044		989	
		3,952		3,822
Import-domestic duals:				
Domestics with captive imports	9,044		6,065	
Domestics with other imports	2,580		2,540	
		11,624		8,605
Total imported-car dealers		15,576		12,427

Notes: Renault and Volkswagen are counted as domestics. Captive imports are Chevrolet Sprint and Spectrum; Dodge Colt, Conquest and Vista; Plymouth Colt, Conquest and Vista.

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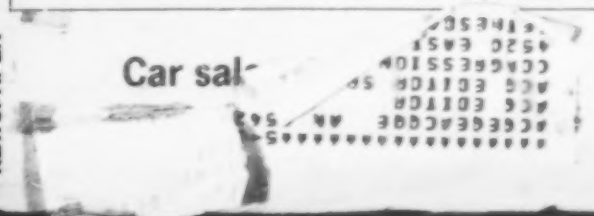

NEWSPAPER

breaking news

NADA's Daly to join Toyota

WASHINGTON—Robert C. Daly, NADA executive director of communications and industry relations, has accepted a similar post with Toyota Motor Sales. The announcement that Daly will become Toyota's national industry affairs manager is scheduled to be made later this week.

Isuzu slates ceramic engine for 1990

TOKYO.—Isuzu Motors, Ltd., said it will install an 1,800-cc diesel-based ceramic engine in one of its 1990 models. The composite engine system, which has a small turbine generator powered by emission gas, uses ceramics in all combustion chamber components—such as piston rings and valves—that are exposed to high temperatures. The engine is about 14 percent lighter than a conventional engine. Generating power and fuel efficiency will be improved by 30 percent, according to the company. Isuzu has already developed a ceramic engine for industrial use.

See BREAKING NEWS, Page 4, Col. 1

Chrysler runs against the tide

Early-month car sales dip 10 pct.

By Jenny L. King
Detroit Reporter

Come early October, the party officially was over.

At Chrysler Corp., the sales celebration continued, in spite of the temporary return to higher interest rates on loans to consumers which took the fizz out of General Motors and Ford Motor Co. sales in the first 10 days of the month.

Special interest rates brought buyers and 1985-model domestic cars together in record numbers from mid-August through September. October was awaited with some anxiety: Loans would be more expensive and the new 1986 models carried bigger price tags. Also, carryover inventories were at record lows.

The result was a combined 10.14-percent sales decline for Oct. 1-10, despite the fact that the period included the formal introduction dates for the domestic makers' 1986 models.

Ford and GM said their individual drops were less than expected while Chrysler reported a 39.24-percent sales increase compared with its year-ago total.

The domestic total of 202,002 was off some 22,000 units from 224,792 in 1984. Record for the period is 272,689 in 1978. The 10.14-percent drop broke a string of four consecutive record-breaking periods which began Aug. 21.

GM suffered a 14.84-percent decline, dropping to 106,549 from 125,121 a year ago. Ford was down even more, 23.66 percent, to 49,004 from 64,192. Both companies plus American Motors announced new 8.8-percent finance incentive programs on specific models beginning Oct. 7 for GM, Oct. 9 for Ford and AMC.

American Motors tumbled 32.47 percent to 2,465 from 3,650. Volkswagen notched a healthy 43.35-percent gain, its sales up to 1,508 from 1,052. Honda was off 35.69 percent, to 2,060 from 3,203. Nissan reported sales of 2,022 for the early-October period.

Chrysler carved out a 19.01-percent hunk of the market, its largest share this year and a substantial gain from 12.27 a year ago. GM dropped to 52.74 percent from 55.66 percent. Ford lost more than four percentage points, slipping to 24.26 percent from 28.56 percent.

AMC was down to 1.22 percent from 1.62 percent. Honda had 1.02 percent, off from 1.42 percent; VW was up to 0.75 percent from 0.47 percent, and Nissan had an even 1.00 percent its first early October on the market.

Only four of the Big Three-produced makes reported Oct. 1-10 sales gains. Plymouth was up 32.16 percent, Chrysler was up 46.66 percent, Dodge was up 38.34 percent and Pontiac was up 7.45 percent.

Minus signs were posted before the remaining year-to-year comparisons. Ford was down 18.29 percent, Mercury was down 34.51 percent and Lincoln was down 30.44 percent. Buick dropped 29.20 percent, Cadillac was off 26.10 percent, Chevrolet was down 15.84 percent and Oldsmobile was down 11.35 percent.

AMC Eagle sales were estimated the same as last year, Renault was down an estimated 36.46 percent, VW was up 43.35 percent and Honda plunged 35.69 percent.

The Oct. 1-10 daily selling rate averaged 22,445, down 10.14 percent from 24,977 in 1984. There were nine selling days in the period both years.

Year-to-date sales were up 6.58 percent, to 6,741,340 from 6,325,382.

Ford Escort was the top-selling nameplate in early October with a tally of 11,202. Oldsmobile Ciera was next at 8,099, followed by Chevrolet Celebrity at 7,878, Cavalier at 7,557 and Plymouth Reliant at 5,818.

DOMESTIC SALES

	Oct. 1-10, 1985	Oct. 1-10, 1984
Renault Alliance-Encore	2,065†	3,250†
AMC	400†	400†
AMERICAN MOTORS	2,465†	3,650†
Chrysler	13,500	9,205
Plymouth	11,078	8,382
Dodge	13,816	9,987
CHRYSLER CORP	38,394	27,574
Ford	34,052	41,676
Mercury	11,430	17,453
Lincoln	3,522	5,063
FORD MOTOR CO.	49,004	64,192
Buick	18,095	25,559
Cadillac	7,799	10,553
Chevrolet	34,463	40,948
Oldsmobile	25,698	28,988
Pontiac	20,494	19,073
GENERAL MOTORS	106,549	125,121
VOLKSWAGEN	1,508	1,052
HONDA	2,060	3,203
NISSAN	2,022	0
U.S. INDUSTRY TOTAL	202,002	224,792

†—Estimate

Longo Toyota sells 100,000th vehicle

Longo Toyota, El Monte, Calif., has sold its 100,00th new vehicle. Chris Sollom and his mother, Sue Sollom, received a plaque from Bruce Fay, right, Longo general manager, and John Clark, left, dealership general sales manager, commemorating Chris' purchase of the milestone vehicle, a 1985 Toyota pickup. Chris also will receive free service on the pickup for 100,000 miles. Longo has been the largest-volume Toyota dealership in the U.S. for 18 years.

2 Yugo dealers join board; advisors set

By John A. Russell
New York Staff Writer

NEW YORK.—Yugo America broke new ground for the auto industry last week as it announced the appointment of two of its dealers to the corporate board of directors.

The company also formed a retail consumer advisory group which will report directly to corporate executives.

William Prior, president of Yugo America, termed both moves important because they give the company more input from various sources.

Yugo may be the first auto company to have dealers on the board of directors. Prior said the two dealers will provide the "retail conscience" for the board, which he considers essential.

The two dealers named to the board are Richard I. Loehr Jr., president of Dick Loehr's, Inc., Kalamazoo, Mich., and Raymond Van Duren, president of Ramsey Auto Imports of 17, Inc., Ramsey, N.J.

Prior told Automotive News that the program for the consumer advisory group is being formulated and that he expects the group to be active within a few months.

In some ways, it will operate in a manner similar to that of the dealer advisory group. The con-

Please turn to Page 54, Col. 3

Wisconsin appoints 'envoy' in AMC talks

By Richard Johnson
Detroit Reporter

Patrick Lucey, former U.S. ambassador to Mexico, has been appointed by Wisconsin Gov. Anthony Earl as special envoy to American Motors during discussions on the future of AMC assembly operations in the state, Automotive News has learned.

Lucey, a former Wisconsin governor, took part in an Oct. 16 meeting between Earl and AMC President and Chief Executive Officer Jose Dedeurwaerder. Lucey's first task will be to review a needs analysis being prepared by AMC.

AMC has said it will continue to build the Alliance/Encore subcompacts in Kenosha through the 1988 model year, but Dedeurwaerder wants the state to assist in improving the company's competitive position. AMC wants a commitment by next spring, when it must set plans for the 1989 model year.

Several other states have already approached AMC, should it decide to stop building cars in Kenosha after 1988. Preliminary meetings with representatives of interested states have begun.

Dedeurwaerder has insisted on something akin to the incentive package Wisconsin used to try to lure General Motors' Saturn project earlier this year. But state officials have maintained that Wisconsin's proposal embodied incentives already available to all manufacturers in the state.

Last week's meeting launched negotiations on an incentive package. Participants included Earl; Lucey; Dedeurwaerder; Marvin Stucky, AMC vice president—civic and government affairs, and Sherman Stock, a top policy advisor to Earl.

Stock said AMC has agreed to prepare an analysis of its needs and present it to the governor's office. Once the report is completed, Stock said he will join with Lucey "to see if we can accommodate them."

"I thought it was a very good meeting," Stock said. "Mr. Dedeurwaerder laid out what the company's needs are and expressed a desire to grow in Wisconsin. The governor said he would like to help in any way he can."

Stock said he believes a meeting of the minds between the two parties is possible.

"It has become a numbers game, but no one has broken down what the numbers mean," he said. He noted that huge dollar amounts linked to incentive packages in other states often include road, sewer and land arrangements which may be possible in Wisconsin.

"We're anxious to get a handle on what their needs are," he said.

An AMC spokesman said last week that the dinner meeting at the governor's residence "went well."

"It was very friendly," he said. "We exchanged our views. We expect to be having further discussions."

Success of Cargo truck could influence decision

Will Ford import Brazilian cars?

By Richard Johnson
Detroit Reporter

The success of Ford Motor Co.'s new Brazilian-built Cargo truck, which will go on sale in the U.S. next month, could help determine whether the South American country develops into a key, low-cost source of Ford passenger cars for North America.

Ford has acknowledged no plans to export autos from Brazil to the U.S., although there has been industry talk of a Brazil-sourced addition to the Merkur line later in the decade.

Ford plans to be receiving small cars from Mexico and Korea by 1988, and Ford of Canada will import subcompacts from Ford Lio Ho in Taiwan beginning next year. The outcome of the Cargo project is expected to help Ford officials decide Brazil's role in the increasingly internationalized U.S. car market.

"There is an indication that Brazil has the capacity to be a competitive low-cost source," said Lindsey Halstead, vice president—Ford Latin American Automotive Operations, in an interview with Automotive News.

"They're not totally there yet. We're pleased with the results that we've achieved to date on Cargo (and) we're meeting our projections. But time will tell."

The first Brazilian-built entries in the U.S. auto market were announced earlier this month by Volkswagen of America.

VWoA President Noel Phillips confirmed that the company will import two Brazilian-made entry-level products to the U.S. for the 1987 model year, a sedan and a three-door station wagon. Both will be priced at approximately $5,000.

"I wouldn't classify Brazil as a fully competitive low-cost source with Japan at this point," Halstead said. "I would only say that if we work at it hard enough and long enough, I think we have a prospect of at least having an alternative."

However, Halstead said Ford has no Brazilian passenger-car program set for the U.S.

"We don't have any particular plans in that regard," he said. "We'd like to swallow Cargo and make sure that we have our act totally together on that one and see how we do."

The Cargo, which will be offered initially as a Class 6 or 7 vehicle, went into production in Sao Paulo in March, and factories began turning out Cargos for the North American market in July.

Part of the reason for sourcing Cargo in Brazil, he said, is to avoid the same kind of erosion to the Japanese in heavier trucks that the U.S. has been experiencing in cars.

Of 25,000 planned for the first full year's production, 3,000-4,000 are due to be brought to the U.S. Brazilian content of the Cargo is in excess of 75 percent and is figured to reach 90 percent by 1990.

Please turn to Page 54, Col. 4

AMC offers 8.8 on some Jeeps

DETROIT.—American Motors last week extended its 8.8 annual percentage rate financing incentive to include some Jeep models.

Included are 1986 Jeep Cherokee, Wagoneer and Comanche.

The Jeep 8.8 APR program, like the one on Renault Alliance and Encore announced the preceding week, has a 36-month cap and runs until Nov. 20.

A 9.9 APR financing rate is available for loans of 37 to 48 months.

General Motors and Ford Motor Co. also have 8.8 APR programs on certain car and truck models.

index

Advertising news	42
Auction reports	44-45
Classified advertising	46-53
Editorial page	10
Obituaries	54
Personnel	42
Production by makes	58
Truck highlights	14

60th year—No. 5097

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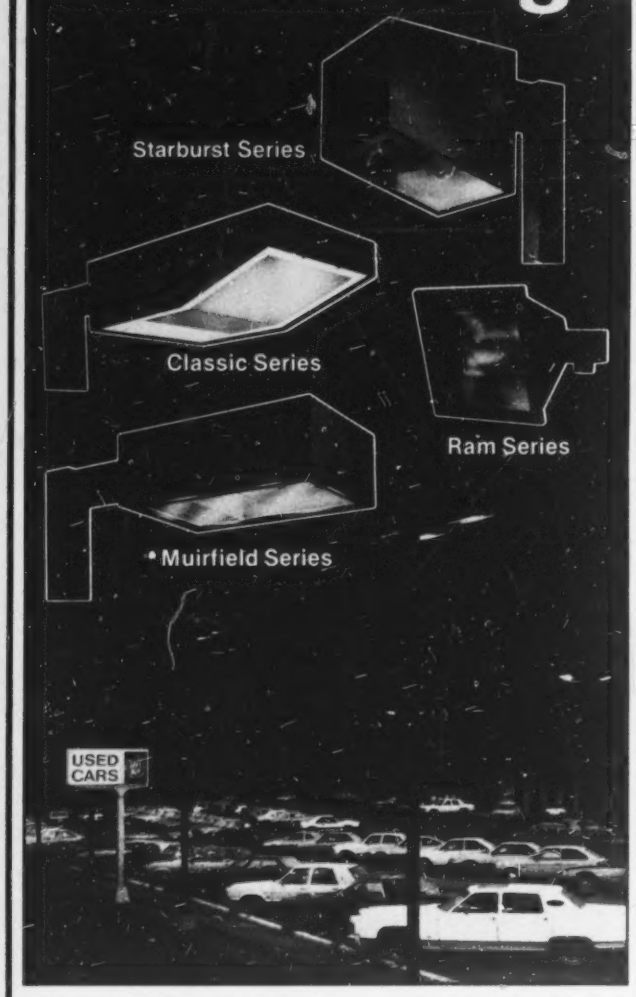

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IMPORT SALES BY MODEL

	September, 1985	September, 1984	9 Mos., 1985	9 Mos., 1984
ALFA ROMEO	433	250	3,636	2,853
AUDI	4,699	5,781	55,232	53,974
4000	0	483	0	9,781
4000S	1,254	1,011	13,306	2,627
4000S Quattro	401	345	3,454	3,211
5000S	2,339	3,241	29,492	31,111
5000S turbo gas	530	450	6,170	4,338
Quattro turbo	6	6	67	55
Coupe	169	245	2,743	2,851
BMW	8,180	5,463	66,290	51,757
318/320	2,363	1,796	19,590	23,372
325e	238	1,622	1,016	9,617
524 TD	2,696	0	22,154	0
528/533	1,606	1,201	13,355	10,936
633CSI	379	171	3,338	2,023
733	898	673	6,838	5,809
CHEVROLET	6,920	1,215	52,658	7,312
Spectrum	4,499	0	37,547	0
Sprint	2,421	1,215	15,111	7,312
CHRYSLER/MITSUBISHI	12,435	8,370	66,867	63,280
Colt	9,416	6,314	47,167	47,026
Conquest	393	462	3,955	5,676
Vista	2,626	1,594	15,745	10,578
FIAT	0	0	0	316
HONDA	20,442	26,674	284,973	280,821
Civic	9,864	9,645	110,407	99,494
Civic CRX	2,570	4,254	36,691	31,625
Accord	1,063	7,835	80,835	97,749
Prelude	6,945	4,940	57,040	51,953
I.A.I.	0	100	0	1,366
ISUZU	3,115	1,665	20,679	12,999
I-Mark	1,952	465	8,911	3,110
Impulse	1,163	1,200	11,768	9,889
JAGUAR	767	1,166	13,265	12,669
XJ6	642	887	10,844	10,272
XJS	125	279	2,421	2,397
LANCIA	2	0	2	21
MASERATI BITURBO	99	185	953	643
MAZDA	19,734	14,874	142,569	128,197
GLC	8,052	3,958	36,380	34,108
626	7,647	6,430	63,412	53,762
RX-7	4,035	4,486	40,777	40,327
MERCEDES BENZ	6,787	5,710	65,006	54,577
190D	173	257	2,548	4,220
190E	1,928	1,966	17,919	11,227
240D	0	2	6	23
300D	880	1,189	12,940	11,747
300E	316	0	316	0
300CD	126	85	1,337	1,118
300TD	285	168	2,700	1,751
300SD	642	748	5,825	10,193
380SE	771	550	7,059	4,393
500SEL	831	312	5,644	2,735
380SL/SLC	734	367	7,600	6,030
500SEC	101	66	1,112	1,140
MERCURY MERKUR	1,594	0	5,975	0
MITSUBISHI	5,882	3,763	37,169	28,690
Starion	207	412	3,974	4,875
Cordia	1,043	715	6,558	11,090
Tredia	1,426	1,011	7,922	11,100
Mirage	1,388	946	9,782	946
Galant	1,818	679	8,933	679
NISSAN	51,747	33,767	407,733	367,029
Sentra/210	20,555	13,555	143,026	147,809
Pulsar/310	3,328	4,393	36,967	29,429
Stanza	7,821	3,944	46,310	34,351
Maxima	9,372	1,528	72,387	44,821
200SX	5,250	4,547	51,712	48,425
300ZX	5,014	5,505	51,875	57,417
Hawaii	407	295	5,456	4,777
PEUGEOT	1,484	1,635	12,417	14,527
PORSCHE	1,904	1,256	17,740	15,186
944	1,221	821	11,773	9,631
911	494	276	4,157	3,707
928	189	159	1,810	1,848
RENAULT	458	777	5,674	9,678
LeCar	0	0	207	0
18i	199	235	2,066	2,436
Fuego	259	542	3,401	7,242
SAAB	2,107	1,749	29,377	24,922
900	571	325	8,407	5,860
900S	536	363	8,729	7,136
Turbo	916	1,022	11,332	11,292
Tourist	84	39	909	634
SUBARU	19,675	15,179	130,291	120,793
TOYOTA	40,578	34,805	456,561	413,781
Starlet	0	1	0	259
Corolla	12,054	9,707	127,058	118,385
Tercel	6,793	7,442	70,215	75,430
Celica	663	5,076	52,167	65,872
Supra	1,516	2,262	20,078	22,530
Camry	9,687	5,483	90,672	67,842
Cressida	3,643	1,406	34,494	24,914
Land Cruiser	608	499	2,574	2,879
Van	2,008	1,880	26,425	25,729
4Runner SR 5	182	561	3,949	4,074
MR2	2,918	0	23,800	0
Hawaii	506	488	5,326	5,866
Other	0	0	3	1
VOLKSWAGEN	13,285	6,696	108,166	81,051
Rabbit Convertible	986	749	10,203	9,573
Jetta	8,465	1,525	61,609	29,151
Vanagon	1,292	1,141	14,277	14,656
Quantum	1,407	1,723	10,656	13,526
Scirocco	1,135	1,558	11,421	14,145
VOLVO	6,744	6,171	83,693	80,870
DL	1,916	2,778	30,786	36,929
GL	463	1,432	7,459	21,666
GLT Turbo	64	508	2,088	7,675
Diesel	11	367	1,933	3,596
740 Series - Gas	2,150	0	26,155	0
740 Series - Diesel	1,167	0	3,686	0
760 Series - Gas	708	733	8,091	7,126
760 Series - Diesel	71	275	1,975	2,607
Tourist	194	78	1,520	1,271
IMPORT TOTAL	229,071	177,251	2,066,926	1,827,312

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D & D Kustom Vans
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S. Norwalk

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New Castle

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Pinellas Park
ASC of Florida, Inc.
Orlando
Ted Faulkner Company
Sanford
Florisun Custom Coach
Fort Meyers
FL Auto Upholstry & Trim
West Palm Beach
Kelley's Custom Trim
Delray Beach
Precision Auto Works
Pensacola
Sunroof Corp.-Orlando
Longwood
Sunroof of Florida, Inc.
Oakland Park

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ASC of Atlanta
East Point

Hawaii
Electronic Entertainment
Aiea

Illinois
Broadway Auto Top, Inc.
Evanston
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Northbrook
Tucker Automotive Corp
Palatine

Indiana
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Indianapolis

Iowa
Spectrum Automotive Center
Davenport
Spectrum Automotive Center
Des Moines

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Top King, Inc.
Kansas City

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Baltimore
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Reno
Valley Van Works, Inc.
Las Vegas

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Atlantic Custom Coach Works
Atlantic City
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Cinnaminson
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Portland

Pennsylvania
American Automotive Restyling
Harrisburg
Custom Trim
Pittston
Executive Motors, Inc.
Glenshaw
M & T Trading
Telford

South Carolina
American Sunroof
Custom Craft of Atlanta, Inc.
W. Columbia
Pop's Top Custom Coach
N. Charleston

Tennessee
Autocraft
Chattanooga
Autocraft
Knoxville
Autocraft
Nashville
Custom Tops
Nashville

Texas
ASC Custom Craft of Dallas
Dallas
ASC Custom Craft of Dallas
San Antonio
Auto Trends
Houston
Clear VU & Dr. Glass
Lubbock

Utah
Custom Van of Utah
Salt Lake City

Washington
J/S Custom Auto World
Redmond

Wisconsin
Erickson Auto Trim
Racine

Canada
A-1 Auto & Window Glass Ltd.
Calgreen, Alberta
Automotive Sunroof Customcraft (ASC)
Mississauga, Ontario
Automotive Sunroof Customcraft (ASC)
Pickering, Ontario
Clear-View Auto Glass
Richmond, BC
Custom Coachcraft Corp. of Canada
Regina, Saskatchewen
Dima's Auto Trim
Windsor, Ontario
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Japanese chalk up another record year

Auto makers post profits of $2.3 billion on sales of $67 billion

By Michelle Krebs
Financial Editor

Japanese auto makers enjoyed another year of record-setting sales and profits.

For the third year running, the Japanese auto makers were successful in boosting income and revenue to record levels on not-so-dramatic increases in overall vehicle sales.

They have achieved those records by upgrading product mix and through the favorable relationship of yen to the U.S. dollar. The yen continued to be undervalued against the strong U.S. dollar, running at about 254 yen to $1 during the past year.

The Japanese companies also exported more vehicles, thanks to the lifting of the Voluntary Restraint Agreement (VRA) in the U.S., which expired in April. The Japanese government set new limits on Japanese cars exported to the U.S. but at significantly higher levels, making for a virtually free market.

The seven major Japanese auto companies had combined profits during their most recent fiscal years of about $2.3 billion on $67 billion in sales.

The four U.S. auto makers earned a record $9.8 billion in 1984 on $160 billion in sales. This year, without the benefit of VRA, the Big Four are on target to earn $8 billion.

Financial results of the U.S. companies are for calender year 1984, when the VRA remained in place. The fiscal years of the Japanese companies end at various times throughout the year so that some of them have ended and they are into their 1986 fiscal year. The fiscal years of the others end this fall so that 12-month periods, which ended earlier this year were used for calculations when possible.

In addition, the Japanese companies have strengthened their balance sheets considerably by retiring debt and putting them in a more liquid position.

Only the balance sheets of Nissan and Isuzu are less than outstanding. Nissan is in a turnaround situation after suffering a 26-percent decline in earnings in the previous fiscal year. Isuzu lost money in its most recent fiscal year.

There is little disagreement that the Japanese makers will continue to increase unit sales in the U.S. Japanese companies also have made plans to produce cars in the U.S. so that they will not be caught by the buzzsaw of protectionism.

However, what happens now that the yen is appreciating against the U.S. dollar is anyone's guess, and opinions run the entire spectrum.

The exchange rate during the past year has averaged about 240 yen to the U.S. dollar. Since the five top industrial nations recently announced they intend to drive the U.S. dollar down, the yen has appreciated to about 217 yen to the dollar.

One analyst believes the gravy train for Japanese auto makers may be grinding to a screeching halt.

Mori Matsumoto, vice president of institutional sales of Yamaichi International (America) Inc., the New York-based unit of one of Japan's major securities firms, said next year's earnings for Japanese auto makers' could decline. For some companies, it would be the first decline ever.

While most economists remain skeptical that the yen will stay at 210, Matsumoto sees that as a "very, very strong possibility." He gives it a 70-percent chance of happening.

If that indeed occurs, earnings of the individual companies could decline 10 percent or more.

He uses Honda Motor Co. Ltd. as an example. He estimates Honda earnings for the fiscal year which ends Feb. 28, 1986, will be 167 million yen, a 30-percent increase over the fiscal year ended Feb. 29, 1985.

Before the appreciation of the yen, he had forecasted a 19-percent earnings increase for the fiscal year ended Feb. 28, 1987. However, he has since downgraded his estimate. Honda's earnings, if the yen hovers at 210, will be 167 million yen, or flat, at best and 150 million yen in the worst case scenario.

What's more, Matsumoto sees Honda as being in the best position. Honda has been successful in upgrading its product mix, which will be even more enhanced by the introduction of a Honda-British Leyland made model. Also Honda's U.S. assembly operations have been a success and the new Accord has become popular in Japan, where unit sales for the industry have not increased.

The other Japanese auto companies could suffer earnings declines of more than 10 percent, Matsumoto said.

Further, he pointed out that in the past, if the yen appreciated, Japanese car producers raised prices to make up the difference. In fact, he said, that is the only choice to make up the difference.

This time, however, it will be a more difficult environment in which to raise prices.

Matsumoto said the South Korean producer, Hyundai, will cause "chaos in the price structure" of the U.S. market if it follows the same discount pricing strategy it has established in Canada.

At the same time, U.S. producers will be in the position to choose whether or not to raise prices, he said. In fact, they will have room to maneuver through incentives.

If the U.S. economy slows down, as is forecasted by 1986 or 1987, U.S. makers have high profit margins, giving them room to cut margins or to offer incentives.

Matsumoto pointed out that during the U.S. makers 7.7- and 7.5-percent financing incentives binge, Japanese producers began discounting, or at least eliminating premiums, on their products.

He further sees that if the U.S. economy slows, Japanese car producers may be vulnerable to fewer exports, which are expected to hit 2.3 million units this year. Exports will be slowed, he said, by general economic conditions or by quotas set by the Japanese or the U.S.

However, most other analysts see nothing but a bright future for the Japanese companies. They expect the Japanese to continue making headway in market share in the U.S. They see sales and profits continually increasing.

Donald DeScenza, senior securities specializing in the auto industry for Nomura Securities International, another Japanese firm with New York offices, is one of those who looks for continuation of good sales and profits for the Japanese makers.

Even if the yen rises to 210, which would represent a 15-percent increase, DeScenza said earnings will not be affected. Instead, the companies could hike the wholesale price. Dealers, who have been making "exorbitant margins," then would bear the brunt of appreciation in the yen.

He said the average Honda sells for $1,700 over sticker price; a Toyota $1,200 over sticker. With a 15-percent boost in the yen's strength, the average Honda would still sell for $975 over sticker and a Toyota $825 over sticker.

The margin over sticker, however, is not as large for the other Japanese makes, he pointed out. Another downward economic cycle would wipe out the premiums quicker than would the appreciating yen, he added.

A study by Data Resources Inc. (DRI), a Massachusetts economic forecasting firm, shows Japanese makers would not be pushed to the wall until the yen appreciated to 180, a highly unlikely level.

"The question becomes does it go far enough to force them to raise prices," said John Hammond, DRI's U.S.-based economist.

"We can't stand still any longer"

How China plans to fill the gap between vehicle supply and demand

BEIJING — China's auto industry will expand rapidly in the next two decades to meet the needs of the developing national economy and road transportation, according to Chen Zutao, chief engineer of the China Automotive Industry Corp. (CAIC), which oversees auto production in China.

Chen said that CAIC is mapping out a plan to quadruple the present auto output by the end of this century. The target will be reached in two stages: First, annual capacity will be doubled from the present 300,000 motor vehicles to 600,000 and annual output will be doubled again from 250,000 to 500,000 by 1990.

Next, capacity and production will be increased again to 1,300,000 and 1,200,000 vehicles, respectively, by the year 2000, while turning out new products of the 1990s level.

"We can't stand still any longer," said Chen. "Supply falls short of demand. Letters asking for trucks and other motor vehicles pour in and are piled high on my desk and on the manager's desk. We must speed up auto production immediately."

Production in 1984 totaled 290,000. In 1983, 240,000 units were produced, a 22.4 percent increase over 1982. Still, this output falls short of demand generated by developing freight transportation, containerized traffic, tourism and urban traffic.

Highway transportation plays a leading role in the total transportation system in China. There are few airlines, and railways link only about 30 percent of the country's 2,000 counties. Transport of commodities in and between villages is mainly handled by motor vehicles.

There is an increasing demand for motor cars, especially in the rural areas. Stimulated by China's new economic policies, farm output is rising, boosting rural incomes.

For the first time, peasants are pooling their money to buy trucks to transport their products to city markets and to haul cement, chemical fertilizers and other manufactured goods back.

Moreover, China is planning a network of expressways. Construction of the first four sections — between Tianjin and Beijing in the north, Shenyang and Dalian in the northeast, Shanghai and Nanjing in the east and Guangzhou and Shenzhen in the south — will begin soon.

When these expressways are completed, highway freight transportation volume will soar and more motor vehicles will be needed. Demand for public transportation is also expected to increase. There is now one bus for every 2,000 urban dwellers on average, and about half of China's cities have no taxi service.

Zutao outlined the two chief measures China is adopting to meet the planned target for automotive production: Reform of the management system at home and introduction of advanced technology from abroad.

Formerly, each auto plant was a self-sufficient factory that made everything from engines to the smallest screw and then did its own assembly work. Now emphasis has shifted to specialized production.

"The government's investments in the auto industry during the seventh five-year plan period (1986-1990) will be more than those in the sixth-plan period (1981-85)," said Chen. "Nevertheless, the industry will have financial difficulties. But I think it is feasible to collect funds by diversified channels, such as having users pay in advance, or by issuing stocks or getting bank loans. Also, we are willing to accept foreign investments and loans given on favorable terms."

He said the gap between supply and demand is difficult for China to fill if it relies solely on the resources at home. "We are willing, on the basis of equality and mutual benefit, to run joint ventures, undertake co-production, do cooperative designing or conduct compensation trade in cooperation with foreign firms, or do assembly work with parts and accessories provided by them."

Chen is optimistic about the future of the auto industry. It has a solid foundation and is making improvements, he said.

The No. 1 Plant at Changchun in the northeast is modifying its production lines to make a number of models instead of a single one. Computer controls are also being installed. The No. 2 Plant in Hubei now has 117 automated production lines fitted with 20,000 pieces of advanced equipment. Up-to-date testing and quality-control devices have also been installed.

Many new models are in the development stage, including a bus equipped to serve meals to 60 people; a mobile medical unit equipped with an operating table; container trailers; mining trucks with a load capacity of 30 tons; mini-trucks of all kinds; and a high-grade six-cylinder limousine. In 1984 alone, a dozen new models passed tests and were put into production.

Chen pointed out that China is producing 100 million tons of oil and 40 million tons of steel a year and that the country is fourth in the world in annual rubber output — a good foundation on which the Chinese auto industry can develop further.

This article was written by Zong Bian, correspondent for Xinhua (New China) News Agency, government news agency of the People's Republic of China, and appears by permission of China Features, a division of Xinhua.

FINANCIAL RESULTS FOR JAPAN'S AUTO MAKERS

	Yen Sales (In Billions)	Dollar Sales (In Millions)	Percent Change	Net Income Yen (Billions)	Net Income Dollars (Millions)	Percent Change	Total Unit Sales	Percent Change	Overseas Unit Sales	Percent Change
TOYOTA—For fiscal year ended June 30, 1985	6,064.4	$25,635	+10.8%	308.3	$1,304	+22.6%	3,535,495[1]	+ 4.8%	1,901,786	+11.2%
NISSAN—For fiscal year ended March 31, 1985	3,618.1	14,244	+ 4.6	74.3	293	+ 5.3	2,473,191[2]	– 1.8	1,375,075	– 0.6
HONDA—For fiscal year ended Feb. 29, 1985	2,652.2	10,222	+11.7	128.5	495	+34.5	1,252,000[3]	+11.6	865,000	+20.5
MAZDA—For 12 months ended April 30,1985[4]	1,476.3	5,695	+ 4.8	32.9	129	+23.4	1,304,144	– 2.8	969,010	+ 1.9
MITSUBISHI—For fiscal year ended March 31, 1985	1,408.3	5,544	+20.0	6.6	26	+20.0	1,161,200[5]	+11.2	628,500	+27.6
ISUZU—For fiscal year ended Oct. 31, 1984	769.1	3,140	+12.3	(17.7)	(.072)		411,966[6]	+ 9.2	261,984	+35.0
FUJI HEAVY INDUSTRIES[7]—For fiscal year ended March 31, 1985	672.1	2,688	+11.5	14.9	60	– 2.0	623,286[8]	– 0.8	246,000	+ 1.2

Notes: (1) Includes cars, trucks and buses, but excludes KD sets of 159,197 units, up 1.5 percent. Also excludes industrial vehicles and houses. (2) Includes all motor vehicles. Excludes KD sets. (3) Includes passenger cars only. Excludes power products and motorcycles. (4) Fiscal year ends Oct. 31. (5) Includes passenger cars, trucks and buses. (6) Includes cars, trucks and buses. Excludes 20,790 KD sets. (7) Parent company of Subaru of America. (8) Includes passenger cars only. Dollar figures translated at average exchange rate during particular fiscal period.

Competing in South Africa's tough market

Makers face stiff local content laws, increased taxes and fuel prices

By Jeremy Sinek
Staff Correspondent

There are three dominant factors that shape the nature of the South African motor industry as well as its problems.

First, it manufactures a disproportionately large number of models in relation to the overall size of the market. Second, there is a stringent local content requirement, backed up by heavy excise duties on imported vehicles. And third, South Africa has been considered to be a potential growth market unequalled by any other developed nation in the Western World.

In 1983 and 1984, the South African vehicle market was just over 400,000 units. This included approximately 270,000 passenger cars and 115,000 light commercial vehicles. The balance was medium and heavy trucks.

Yet serving the passenger car market alone, there are presently 10 different manufacturers, producing 16 different car brands. These in turn encompass some 30 basic model lines, comprising over 200 individual model variations.

Not surprisingly, "rationalization" is the current buzzword in SA motor industry circles. But, while similar markets like Australia have seen rationalization effectively enforced by government measures, the policy in South Africa has been to let market forces achieve the same ends.

As yet, despite the recent merger between Amcar (which manufactures Mazda, Mitsubishi and Peugeot products) and Ford, there is little sign of that happening.

Where the government does take a hand is in the form of the local content program, which requires that 66 percent of the vehicle by weight be manufactured locally in South Africa.

As with CAFE in the U.S., a certain amount of flexibility is permitted. Car makers can offset some models that achieve more than 66 percent against others that achieve a lower degree of local content.

A recent development, pioneered by BMW, is the large-scale manufacture of certain components in South Africa, with the surplus being exported to the parent or associated companies abroad.

Nonetheless, the combined effect of the above factors is that it is impossible for manufacturers to achieve worthwhile economies of scale on domestically produced components. So despite the availability of relatively cheap labor (the minimum rate is approximately $1.50 per hour), vehicle prices are among the highest in the world.

On the more positive side, the burgeoning spending power of the majority black population provides scope for long-term market growth that is possibly unparalleled anywhere else in the Western world.

This explains why so many car makers have established themselves here in the first place. Current political and economic developments, however, suggest that, at best, the black market explosion will be smaller and slower than originally anticipated.

Since 1980, the South African vehicle market has been dominated by Toyota. This South African-owned and managed company — the only SA auto maker listed on the Johannesburg stock exchange — accounted for 24.8 percent of all vehicle sales in 1984.

It was market leader in passenger cars and light trucks (21.9 and 32.8 percent, respectively), and placed second and third in medium and heavy trucks with 24.6 and 13.0 percent, respectively.

Amcar and Mercedes-Benz were the respective medium and heavy commercial vehicle market leaders.

Apart from skillful management and the inherent qualities of the vehicles, Toyota's success has also been attributed in no small part to economies of scale achieved by keeping the basic model lines to a minimum number (for example, just Corolla and Cressida among passenger cars), while producing a wide number of derivatives for maximum market coverage.

While Toyota has extended its dominance into 1985, the other 1984 front-runners have fared badly so far this year. Ford (second in the first half of 1984 with 14.0 percent of the total market) had slipped to sixth (9.5 percent) in the same period this year, while Amcar fell from third with 12.2 percent to fifth with 10.0 percent. Other losers were Nissan, down from 12.1 percent in 1984 to 10.3 in 1985, and GM, down from 11.4 to 10.6 percent.

The greatest headway has been made by Volkswagen/Audi, which due largely to the acceptance of the new Golf/Jetta has increased its market share from 9.8 to 11.4 percent, to take second spot behind Toyota; and Mercedes-Benz, which is up from 6.9 percent in 1984 to 8.6 percent in 1985. Although unchanged in the rankings, BMW has also improved its market share, from 3.7 to 4.3 percent.

All these gains and losses should, however, be seen in the context of a major slump in the overall market, which has seen first-six-months sales slide by 38 percent compared with the same period last year. For over and above the generally poor state of the South African economy, the auto makers have been battered by a series of fiscal body blows.

There is quite a market for pickups, called bakkies, which has led to several local derivatives such as this Ford Escort-based Bantam.

Up to and including June 1984 the market was booming. Then General Sales Tax was increased from 7 to 10 percent on July 1; interest rates went up later the same month; and stiff hire-purchase restrictions were introduced in August.

In January this year there was a 40 percent increase on the price of fuel, followed in March by a new personal income tax on the use of company-provided cars. Also in March, GST went up again from 10 to 12 percent, and the excise duty on imported cars was increased from 100 to 125 percent.

Simultaneously, a drastic fall in the value of the Rand greatly increased the cost of imported components, which account for an estimated 40 percent of the total price of a car.

Consequently, the latest predictions put the car market at no more than 200,000 in 1985, compared with last year's 269,000, with a marked swing towards smaller cars in the VW Golf/Toyota Corolla bracket. At mid-year the auto industry was operating at an estimated 50 percent of single-shift capacity.

South Africa's best sellers

Passenger cars and commercial vehicles, six months 1985 vs. 1984

1985 Pos.	Make	6 mos. 1985	Mkt. Share	6 mos. 1984	Mkt. Share	1984 Pos.
1	Toyota	40,783	27.8	51,885	22.0	1
2	Volkswagen-Audi	16,749	11.4	23,083	9.8	6
3	General Motors	15,617	10.6	26,953	11.4	5
4	Nissan	15,109	10.3	28,712	12.1	4
5	Amcar (Sigma)*	14,701	10.0	28,778	12.2	3
6	Ford	13,902	9.5	33,011	14.0	2
7	Mercedes Benz-Honda	12,642	8.6	16,355	6.9	7
8	BMW	6,287	4.3	8,634	3.7	8
9	Renault	4,916	3.4	6,390	3.6	9
10	Alfa Romeo-Fiat	3,687	2.5	6,701	2.8	10

*—Mitsubishi, Mazda, Peugeot

South Africa's top ten

Passenger car sales, six months 1985 vs. 1984

1985 Pos.	Make	6 mos. 1985	Mkt. Share	6 mos. 1984	Mkt. Share	1984 Pos.
1	Toyota	23,431	23.7	31,587	19.8	1
2	Volkswagen-Audi	14,177	14.4	16,809	10.6	4
3	Mercedes Benz-Honda	10,659	10.8	14,158	8.9	6
4	Amcar (Sigma)*	10,104	10.2	20,484	12.9	3
5	Ford	10,033	10.2	23,835	15.0	2
6	General Motors	8,641	8.8	13,395	8.4	7
7	Nissan	7,041	7.1	14,894	9.4	5
8	BMW	6,287	6.4	8,634	5.4	8
9	Renault	4,911	5.0	8,190	5.1	9
10	Alfa Romeo	3,285	3.3	6,364	4.0	10

*—Mitsubishi, Mazda, Peugeot

Top car models in South Africa

Six months 1985 vs. 1984

1985 Pos.	6 mos. 1985	Model	6 mos. 1984	1984 Pos.
1	15,676	Toyota Corolla	18,611	1
2	10,191	VW Golf-Jetta	8,402	6
3	7,659	Toyota Cressida	12,681	3
4	5,549	Ford Sierra	12,951	2
5	5,269	Honda Ballade	—	—
6	4,815	Nissan-Langley-Pulsar	8,920	5
7	4,708	BMW 3 Series	—	—
8	4,408	Opel Kadett	—	—
9	4,190	Renault 9-11	—	—
10	4,082	Ford Escort	9,265	4
—	—	Mazda 626	8,275	7
—	—	Mazda 323	7,518	8
—	—	Opel Rekord-Commodore-Senator	6,738	9
—	—	MB W123	5,955	10

How they performed in South Africa

Passenger car and commercial vehicle sales, 1984 vs. 1983

1985 Pos.	Make	6 mos. 1985	Mkt. Share	6 mos. 1984	Mkt. Share	1984 Pos.
1	Toyota	100,604	24.8	92,386	22.8	1
2	Ford	53,956	13.3	56,073	13.8	3
3	Nissan	49,088	12.1	57,323	14.1	2
4	Amcar*	45,636	11.2	44,689	11.0	4
5	General Motors**	43,464	10.7	38,225	9.4	6
6	Volkswagen-Audi	38,323	9.4	44,420	11.0	5
7	Mercedes Benz-Honda	30,287	7.5	27,951	6.9	7
8	BMW	15,967	3.9	13,168	3.3	8
9	Renault	14,108	3.5	10,983	2.7	10
10	Alfa Romeo-Fiat	10,264	2.5	11,560	2.9	9

*—Mitsubishi, Mazda, Peugeot
**—Includes Opel, Isuzu, Suzuki

The major players

Following are the major auto manufacturers currently operating in South Africa:

Alfa Romeo South Africa —Wholly-owned subsidiary of Alfa Romeo. Due to its current performance, Alfa Romeo will be withdrawing from South Africa. In addition to Alfa Romeo sedans and sports cars, it has been manufacturing the Daihatsu Charade minicar. Production of a Fiat-based half-ton pickup has already ceased.

Amcar Motor Holdings — Formerly Sigma, Amcar manufactures Mazda and Mitsubishi sedans and commercial trucks (sold through MMI dealer network), and, under contract, Peugeot sedans. Wholly owned by Anglo-American since 1983, recently merged with Ford of South Africa to form Samcor, with A-A holding 60 percent, Ford of Canada the balance. Aims to rationalize production in the long term, but immediate post-merger buyer uncertainty has in the short term damaged sales of both companies.

BMW (South Africa) — Wholly-owned subsidiary of Munich parent company. Makes most European 3, 5 and 7 Series derivatives, plus some local variations of its own. Has pioneered concept of exporting SA-built components to offset imported ones in meeting local content requirements.

Ford Motor Co. of SA — (See Amcar.) Makes Escort, Sierra and until recently Granada sedans, as well as South African versions of Escort and Cortina-based pick-ups. Escort sedans and Cortina pickups will likely be the first casualties of post-merger rationalization, but will continue to have separate marketing organization from MMI, selling badge-engineered Mazdas.

General Motors South African Ltd. —Wholly-owned GM subsidiary. One of the longest-established (since 1926) SA auto makers. Makes Opel Kadett, Ascona and Rekord/Commodore sedans, plus Isuzu commercial vehicles. Imports Suzuki microvans and four-wheel drives.

Mercedes-Benz of South Africa — Previously partly South African-owned (39.9 percent), under UCDD name. Became 50.1 percent Stuttgart-owned in 1984 and name changed to Mercedes-Benz South Africa. Manufacturing Mercedes-Benz W123 and S-Class sedans, and also the Honda Ballade car under license. Market leader in heavy commercial vehicles.

Nissan SA — Established in SA 25 years ago and formerly owned by Messina. Recently acquired with Magnig trucks by a subsidiary of South African Sanlam insurance group. Makes Langley/Pulsar, Laurel and Skyline sedan ranges, and is second only to Toyota in the light commercial vehicle market.

Renault Africa — Recently returned, via a South African holding company, to ownership of Renault France, after a 13-year period of absence during which the Renault 5 was made and marketed in SA by Toyota. Current range relies heavily on the R9/R11 car, which is assembled under contract alongside Land-Rover four-wheel drives by Leyland (which ceased manufacturing its own cars in 1983).

Toyota South Africa — The only independent South African owned auto maker, and the most successful. Manufacturing in SA since 1965. Achieves wide market coverage yet good economies of scale with numerous derivatives of just two sedan (Corolla and Cressida) and two light commercial (Hilux and Hi-Ace) model lines.

Volkswagen of South Africa — German-owned subsidiary, enjoying something of a revival in 1985, having slumped heavily in the early '80s. Makes Golf/Jetta, Passat and Audi 500 sedans, plus Microbus and Golf-based light pickups.